

# EIR

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## From the Associate Editor

**W**hy in the world would Henry Kissinger, a Jewish refugee from Nazi Germany, write a job-recommendation letter for Carl Schmitt, the leading legal theorist of Adolf Hitler's *Notverordnung*, the emergency decree that—following the Reichstag fire of 1933—ushered in the Nazi dictatorship?

That's a very good question, but sometimes truth is stranger than fiction. You can read the letter for yourself, on page 8. Our *National* section presents the amazing story of how the global Synarchist banking apparatus, of which Kissinger was and remains a significant part, not only put Hitler into power, but also orchestrated the 1973 Pinochet coup in Chile, and is trying to do the same thing in the United States today. The keyword is "unitary executive," the slogan of Judge Samuel Alito, Dick Cheney, George W. Bush, and the Federalist Society. Carl Schmitt's word for the exact same thing was *Führerprinzip*—the Leader Principle.

We provide an in-depth profile of the Federalist Society coup-plotters, following up on last week's coverage. We also continue our three-part dossier on Dick Cheney's *specific lies* that led to the Iraq War (see *EIR* of Dec. 9, 2005 for Part 1); a news analysis on the swirling events concerning Jack Abramoff and his boss, Tom DeLay; and a documentary package on steps by Democrats on the House Judiciary Committee, toward impeachment of both Bush and Cheney.

Last week, we highlighted the effect of globalization trade on the city of Baltimore, as a case study of how deindustrialization, the shift to a "services" economy, is wrecking American cities. Some people think that this takedown of the U.S. industrial economy must be "helping" the developing-sector economies that are "getting our jobs." Well, in this issue, Dennis Small presents the case of Brazil, to show that nothing could be further from the truth. While Brazil's agricultural production has soared, its poverty has increased; the food is not consumed at home, but is shipped abroad, enabling American consumers to maintain (for a little longer) the illusion that inflation is "under control." Meanwhile, all of Brazil's surplus, gained through such exports, goes to pay off interest on its debt, in a classic case of "bankers' arithmetic."

*Susan Welsh*

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*Dick Cheney on the  
march.*



Photo montage: EIRNS/Randy Kim/Alan Yue

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## Judge Samuel Alito and The ‘Führerprinzip’

by Jeffrey Steinberg

On Jan. 5, 2006, in a front-page story, the *Wall Street Journal* identified Judge Samuel Alito, President George W. Bush’s nominee to replace Justice Sandra Day O’Connor on the U.S. Supreme Court, as a leading proponent of the savagely unconstitutional doctrine of the “unitary executive.” The idea of the “unitary executive,” which forms the core dogma of the ultra-right-wing Federalist Society, to which Judge Alito belongs, is more properly identified by its modern historical name—the *Führerprinzip*, authored by the Nazi regime’s anointed “Crown Jurist” Carl Schmitt. Schmitt’s doctrine, that the charismatic head of state *is* the law, and can assert absolute dictatorial authority during periods of emergency, has been used to legitimize every totalitarian regime in the West, from Hitler, to Gen. Francisco Franco in Spain, to Gen. Augusto Pinochet in Chile, to President George W. Bush and Vice President Dick Cheney in the United States.

The *Wall Street Journal* quoted Judge Alito from a November 2000 speech, delivered, appropriately, before a Federalist Society convention in Washington, D.C. The Constitution, Alito declared, “makes the President the head of the Executive Branch, but it does more than that. The President has not just *some* executive powers, but *the* executive power—the whole thing.”

Judge Alito elaborated, “I thought then”—referring to his 1980s tenure at the U.S. Justice Department’s Office of Legal Counsel—“and I still think, that this theory best captures the meaning of the Constitution’s text and structure,” adding that, in his view, the Framers “saw the unitary executive as necessary to balance the huge power of the legislature and the factions that may gain control of it.”

After reviewing the *Wall Street Journal* account, Lyndon LaRouche declared, “If Judge Alito does in fact adhere to the views reported in the *Wall Street Journal*, he should not be allowed near any court—certainly not the United States Supreme Court—except as a defendant.” LaRouche insisted that

Alito’s nomination must be decisively defeated in the Senate, or the Supreme Court will fall fatally into the hands of a cabal of outright “Schmittlerian” Nazis, led by Antonin Scalia, Clarence Thomas, John Roberts, and Alito—all members of the self-avowed “conservative revolutionary” Federalist Society.

LaRouche counterposed the outright Nazi doctrine of the Federalist Society proponents of the “unitary executive” (*Führerprinzip*) to the American System principles invoked by President Franklin Delano Roosevelt, when he was confronted with the awesome responsibility of preparing the United States for world war. On Sept. 8, 1939, at a press conference following his Proclamation of Limited Emergency, as war was erupting in Europe, FDR assured the American people, “There is no intention and no need of doing all those things that could be done. . . . There is no thought in any shape, manner, or form, of putting the Nation, in its defenses or in its internal economy, on a war basis. That is one thing we want to avoid. We are going to keep the nation on a peace basis, in accordance with peacetime authorizations.”

### Cheney and 9/11

FDR’s respect for the U.S. constitutional system of checks and balances, and separation of power, stands in stark contrast to the assault on the Constitution, launched by Vice President Cheney even before Sept. 11, 2001.

As LaRouche prophetically warned, in testimony delivered on Jan. 16, 2001 to the U.S. Senate Judiciary Committee, opposing the nomination of John Ashcroft as Attorney General, the Cheney-led Bush Administration came into office committed to government-by-crisis-management, modelled on the Hitler Nazi dictatorship in Germany. LaRouche warned that the Bush Administration would seek, at the first opportunity, a “Reichstag Fire” justification for dictatorship, all based on the legal theories of Hitler’s Carl Schmitt. It was Schmitt,

who wrote the legal opinion, based on the “unitary executive,” *Führerprinzip*, that justified Hitler’s declaration of emergency dictatorial rule on Feb. 28, 1933—twenty-four hours after the Reichstag, the German parliament, was set ablaze by agents of Hitler’s own Herman Göring.

The aftermath of 9/11 proved that LaRouche was 100% right. On Dec. 19, 2005, in a press conference aboard Air Force Two, Vice President Cheney flaunted the fact that he came into office in January 2001, committed to rolling back the legislative safeguards, passed by Congress and signed into law by Presidents Gerald Ford and Jimmy Carter, in the aftermath of the Watergate scandal and the revelations about illegal FBI and CIA spying on American citizens. In calling for a rollback of those post-Watergate “infringements” on Presidential power, Cheney was, in effect, declaring war on the most sacred principles written into the U.S. Constitution.

Cheney’s stooge, President Bush, certified his own adherence to the same *Führerprinzip* when he recently signed the defense budget, and invoked the “unitary executive” right to ignore the bill’s explicit ban on torture. The McCain Amendment, banning torture of American-held prisoners in the “Global War on Terror,” was passed by an overwhelming, veto-proof bipartisan majority in both the House and the Senate, yet the President asserted his “constitutional” authority as commander-in-chief, to ignore Congress.

## Pinochet and Hitler

Despite the events of 9/11, the Synarchist bankers behind Cheney did not fully succeed in their scheme for dictatorship and the overthrow of the Constitution. Both the Congress and the American people put up sufficient resistance to partly stymie the efforts to impose crisis-management-style Executive branch rule-by-decree. The May 2005 bipartisan “Gang of 14” Senate revolt against Cheney’s so-called “nuclear option” to strip the Senate of its Constitutional role of “advise and consent” represented a particularly significant setback for the Synarchist cabal.

But the Cheney gang’s vision for America shows clearly in Chile, a South American nation targetted for “the Hitler treatment” by a cabal of American-based Synarchists, led by Felix Rohatyn, Henry Kissinger, and George Shultz (see accompanying article). Chile under the 1970s and ’80s dictatorship of General Pinochet offers the clearest picture of what Cheney et al. still intend to impose on the United States—if given the opportunity. The defeat of the Supreme Court nomination of Judge Alito offers the immediate opportunity to deliver a killer blow to Rohatyn, Shultz, and Cheney’s scheme.

## The Other Sept. 11

On Sept. 11, 1973, Gen. Augusto Pinochet led a military coup that ousted the legitimately elected government of President Salvador Allende. The Pinochet coup would unleash several decades of terror, which would spread to other parts of South and Central America, through a Henry Kissinger-

approved regional death-squad program called “Operation Condor.”

Among the American bankers and government officials who ran the Pinochet coup, from the outset, were:

- Felix Rohatyn, the Lazard Brothers banker and ITT director. Rohatyn, a protégé of leading World War II-era Synarchist banker André Meyer, orchestrated the 1971 ITT takeover of Hartford Insurance, and, along with ITT Chairman Harold Geneen, helped oversee the overthrow of Allende from his post on the ITT board. Two years after the Pinochet coup, Rohatyn would impose the same Hitlerian/Schachtian austerity policies on New York City, through his chairmanship of the Municipal Assistance Corporation (“Big MAC”).

- George Shultz, Richard Nixon’s Treasury Secretary, who orchestrated the breakup of FDR’s Bretton Woods system on behalf of the Synarchist bankers, travelled to Chile, following the Pinochet coup, and gave his personal imprimatur to the regime’s radical free-trade economic policies, including the looting-by-privatization of the country’s pension system. The same privatization of Social Security was attempted by the Bush Administration last year—with Shultz’s enthusiastic backing. Himself a product of the University of Chicago Economics Department of Milton Friedman and the “Chicago Boys” who ran the economic policy of the Pinochet dictatorship, Shultz has been the behind-the-scenes Svengali of the Bush-Cheney Administration, steering it in an explicitly “Pinochet” direction, promoting a bankers’ dictatorship of radical free-trade/globalization looting, utilizing unbridled police state power to achieve his aims.

- Henry Kissinger, the National Security Advisor and Secretary of State to President Nixon, who enthusiastically promoted the Pinochet coup, at the very moment that he was formulating National Security Study Memorandum 200 (NSSM-200), which asserted Anglo-American Cold War ownership of the planet’s strategic raw-materials wealth and an aggressive corollary doctrine of drastic population reduction, through wars, disease and famine—all targetted at the Third World. Kissinger was the principal American government official behind Operation Condor, a right-wing death-squad apparatus that ran a “strategy of tension” terror war against the sovereign republics of South American, which spilled over into continental Europe, particularly Italy. One of Kissinger’s primary assets in Operation Condor was the Propaganda Two (P-2) Freemasonic Lodge of World War II-era fascist Licio Gelli.

The Chile of the Pinochet dictatorship, steered from Wall Street and the Nixon Administration by Rohatyn, Shultz, and Kissinger, is the model for what these same individuals and the Synarchist bankers cabal they represent, have in mind for the U.S.A.—if they are not stopped.

## Carl Schmitt

These are the issues before the U.S. Senate in the case of Judge Alito. The doctrine of the “unitary executive” promoted by Alito is a carbon copy of the doctrine of law devised by

Carl Schmitt to justify the Hitler dictatorship of February 1933 and the Pinochet dictatorship of Sept. 11, 1973. In both the Hitler and Pinochet cases, Schmitt was “on the scene.” As the leading German jurist of the 1920s and ’30s, Schmitt wrote the legal opinion justifying Hitler’s Reichstag Fire coup. Schmitt argued that the “charismatic leader” derives unbridled power from “the people” in time of crisis, and that any form of government, based on a system of checks and balances, consensus, and separation of power, is illegitimate, because it stands in the way of the absolute ruler’s responsibility to “protect the people.”

In the case of the Pinochet coup in Chile, Schmitt’s stu-

dent-protégé Jaime Guzmán, argued that the government had to use violence to impose order. Guzmán was the sole source of legal justification for the Pinochet coup and dictatorship, and he insisted that violence was a precondition for success. In effect, Schmitt acolyte Guzmán ran fascist Chile—in the name of the same doctrine of “unitary executive” power that Schmitt had earlier codified in the *Führerprinzip*. It is the same doctrine that Cheney et al. seek to impose today on the U.S.A.

This is fascism—pure and simple—and it must be crushed, now, if the United States is to survive as a constitutional republic.

# The Schmittlerians Were Also Behind Pinochet’s Fascist Coup

by Cynthia R. Rush

In 2006, former Chilean dictator Gen. Augusto Pinochet Ugarte (ret.) may finally go to trial for the Nazi-style atrocities committed during his 17-year rule, from the time of the bloody Sept. 11, 1973 coup that overthrew President Salvador Allende Gossens, until he left power in 1990. Although to date Pinochet’s legal team has successfully kept him from going to trial, recent court rulings stripping him of his immunity as a former head of state, and sending him to the police station for mug shots and fingerprinting, suggest that a trial isn’t far off.

Although the 90-year-old Pinochet is likely to be tried initially for the murders and disappearances of leftist militants in the 1970s “Operation Colombo,” as well as for the illicit financial activities that helped him stash an unexplained \$30 million fortune in foreign bank accounts, prosecutors’ ultimate goal is to try the former dictator for his direct role in the fascist murder and torture apparatus known as Operation Condor.

Pinochet is guilty of these crimes and should be prosecuted. But that’s not the whole story. The highest level of responsibility for Operation Condor lies with Henry Kissinger and allied Synarchist bankers grouped around George Shultz, the architect of much of the George W. Bush Administration’s criminal policies today. Operation Condor’s coordination with the intelligence agencies, security forces, and paramilitary death squads of the Southern Cone dictatorships to detain, torture, and “disappear” thousands of opponents, enforced the imposition of the University of Chicago’s fascist economic policies, which turned Chile into the Schachtian “economic miracle” so admired by Synarchist financiers worldwide.

It’s no surprise that the Pinochet dictatorship was a copy of Hitler’s Nazi regime. Because it had its own Crown Jurist, Jaime Guzmán Erázuriz, who was a direct follower of the Crown Jurist for Hitler’s regime, Carl Schmitt. Guzmán used Schmitt’s Hobbesian legal doctrine to justify both the coup and the destruction of constitutional government that followed it. The elements that converged to give the Pinochet dictatorship this Hitlerian character are the same ones standing behind the Cheney “Children of Satan” apparatus today.

Like Cheney, they hate the U.S. Constitution. The “Portada Group” of Catholic corporatists to which Guzmán belonged in the early 1970s, loudly proclaimed that the rights of man are not “inalienable in the corporatist state.” They can be restricted “to the benefit of the common good.” Guzmán asserted that in times of “emergency or exception,” human and civil rights were not absolute or unlimited.

Wielding Schmitt’s argument for unbridled executive power to face the Marxist threat that Allende allegedly represented—just as Cheney defends the President’s right to torture prisoners and ignore the Constitution today—Guzmán demanded that the junta use “harshness and energy” to wipe out any opponents. “Any complex [about this] or vacillation in this area will be disastrous,” he wrote in a memo to Pinochet just a few days after Sept. 11, 1973. “To transform the dictatorship into a ‘soft’ one would be a mistake of incalculable consequences,” he warned.

In the early 1970s, Guzmán belonged to the paramilitary Fatherland and Freedom group, which later included Michael Townley, the assassin of former Chilean Foreign Minister Orlando Letelier in 1976.

## Rohatyn, Pinochet, And the 'Unitary Executive'

Three giant steps transformed ITT from the obscure operator of a telephone system in Puerto Rico, into a world conglomerate: 1) A contract to run the whole Spanish telephone system for then-fascist dictator of Spain, Primo de Rivera, in 1923; 2) Lucrative business in German war industry, after ITT founder Sosthenes Behn became the first American businessman to meet dictator Hitler in 1933; and, 3) The wild merger spree run by Lazard Frères and Felix Rohatyn from 1961 into the 1970s.

Rohatyn held the top post of Lazard Frères representative on ITT's board throughout its role in planning and executing Pinochet's coup. Other officials, from ITT's Chairman on down, have by now admitted their frequent top-level meetings on the subject in Washington and elsewhere, their offers of millions of dollars, and some of their large expenditures for political destabilization and a coup in Chile. Rohatyn was in charge of knowing everything about ITT for Lazard; was he the only one in the dark? And would they have dared to undertake such a scheme without consulting him in advance? No. A glance at the history of the bank makes it clear that it was Rohatyn and Lazard which instigated the conspiracy, along with the lower-level pro-fascist ITT Director John McCone, rather than Harold Geneen.

But in the meanwhile, the release of the Nixon tapes and the record of the Church Committee hearings of 1975, have clarified Rohatyn's and ITT's relationship to a drift towards fascist-like dictatorship here in the United States. For now we know that it was that drift, in reality, not the Watergate burglary, which convinced U.S. institutions that

it was imperative that Richard Nixon be removed from the Presidency.

ITT's 1970-71 merger with the Hartford Fire Insurance Company was opposed by the Justice Department's Anti-Trust Division under Richard McLaren. Somehow, opposition collapsed after Rohatyn went over their head and began meeting with Deputy Attorney General Richard Kleindienst. An ITT internal memo leaked through Jack Anderson implied that ITT had won approval by pledging \$400,000 to the Republican Convention, plus unspecified "services." It was this Hartford affair that gave Rohatyn his nickname, "Felix the Fixer."

But unknown at the time were Nixon's telephone calls. The day before his meeting with Rohatyn, the President telephoned Kleindienst, to say that he would no longer tolerate any antitrust action against ITT. "If [that's] not understood, McLaren's ass is to be out of there in one hour. The ITT thing—stay the hell out of it. Is that clear? That's an order."

Kleindienst tried to stall. He told the President how difficult it would be to interfere so late in the game.

The President became enraged. "The order is to leave the goddamned thing alone. . . . I do not want McLaren to run around prosecuting people, raising hell about conglomerates, stirring things up at this point. . . ."

Kleindienst tried again to explain how difficult it was to stifle such an appeal now. "You son of a bitch. Don't you understand the English language? Drop the goddamned thing. Is that clear?" (See Judith Ramsey Ehrlich and Barry J. Rehfeld, *The New Crowd* [Little, Brown: New York, 1989, p. 99]).

It was also unknown at the time that ITT (and Lazard client RCA) were giving tapes of all their international message traffic to the NSA, so that FBI and Justice could monitor Nixon's enemies.

—Tony Papert

## Who Was Jaime Guzmán?

Two days after the 1973 coup, the 27-year-old Jaime Guzmán walked into the Pinochet military junta as a legal advisor, and quickly became indispensable, writing speeches for Pinochet and having major input into political and economic policy. He was chosen to participate in the Ortúzar Commission, charged with writing a new Constitution, to provide legitimacy to the Pinochet regime. When the commission produced a draft Constitution some six years later, Guzmán was recognized as its chief architect.

Canadian academic Renato Cristi, who has written extensively about Guzmán, noted in his essay "The Metaphysics of Constituent Power: Schmitt and the Genesis of Chile's 1980 Constitution," that "to refer to him [Guzmán] as Pino-

chet's *Kronjurist* would not do justice to the role he played. When it came to constitutional matters, Guzmán wore the crown."

How did he win it?

Guzmán was no novice to fascism. Born in 1946 to a devout middle-class Catholic family, he became a precocious student who at an early age carefully studied the writings of the key ideologue of Spain's Franco dictatorship, José Antonio Primo de Rivera, as well as Franco's own writings, and those of Spanish jurist and Schmitt follower Gonzalo Fernández de la Mora. Catholic priest Osvaldo Lira, who had lived in Spain in the 1940s and fiercely defended Franco's corporatist policies, also had a profound influence on Guzmán's life.



Gen. Augusto Pinochet (second from right) with other officials of his military junta. His job was to impose fascist economic policies on Chile, at the behest of the Synarchist financiers.

But it was at the Catholic University Law School in Chile, a hotbed of “Schmittlerian” legal doctrine, where he firmly embraced Carl Schmitt, and deepened his commitment to the free market and economic liberalism, despite the fact that these clashed with the Social Doctrine of the Church he purportedly defended. At the same time that he was studying law, the University of Chicago was setting up the Catholic University’s Economics School as a recruitment and training center for the free-market economists who would later serve the military junta in large numbers. In 1978 and 1981, Guzmán met with the University of Chicago economist Friedrich von Hayek, whose fascist economic theories he wove into his religious philosophy.

In addition to studying Schmitt’s own writings in his law studies, Guzmán became familiar with Schmitt’s Spanish apostles Luis Sánchez Agesta, Alvaro d’Ors, and Gonzalo Fernández de Mora. These jurists used Schmitt’s concept of a “constituting (constitution-making) power\*” to justify Franco’s 1936 takeover in Spain and subsequent destruction of that country’s 1931 Constitution. After declaring Chile’s 1925 constitution “dead” shortly after the 1973 coup, Guzmán incorporated the same notion of “originative constituting power” into the junta’s Declaration of Principles, issued on March 11, 1974, the document he wrote that became the guideline for the 1980 Constitution. What “constituting power” meant in reality was that all pre-existing juridical norms or institutional order ceased to exist. Citing “exceptional” circumstance, the Pinochet regime was free to do as it pleased, and enforce its decisions with violence, torture, and murder. Guzmán never had any qualms about denying the junta’s victims access to the courts in defense of their civil rights. Only the President should determine their fate,

he stated.

The operative principle in “constituting power” was described in a 1970 Portada Group editorial in language echoing Thomas Hobbes’s *Leviathan*. The President is someone who stands above parties, classes, and interests, and is invested with broad powers, which allow him to be an impartial arbiter in social conflict. A 1972 article underscored that the ruler is responsible only to God. Legitimacy is therefore based on the community’s handing over all sovereignty to the sovereign. The separation of powers is an impediment to freedom. Nothing can be allowed to interfere in the Executive’s functioning. Sound familiar?

As a group of Catholic University analysts would note in a later study of Portada’s philosophy, the group’s thinking is “the exact opposite of the ideas presented in *The Federalist Papers*, the documents that inspired democracy in the United States.”

\*Confusingly termed “constituent power” in technical literature.

## Kissinger Offers A Job to Schmitt

After World War II, Carl Schmitt was prohibited from teaching in Germany because he had refused to sign the de-Nazification pledge. Then, in 1953, a letter arrived from a graduate student at Harvard:

I am writing to you at the suggestion of Hans Egon Holthusen to explore the possibility of your collaboration with *Confluence*, a quarterly designed to give European and American intellectuals an opportunity to exchange views on contemporary problems in politics, philosophy and the humanities. . . .<sup>1</sup>

(Signed)

Henry A. Kissinger

Schmitt’s reply, if any, has not yet been uncovered.

Twenty years later, when he was virtual co-President with Nixon, the same Kissinger steered the Pinochet coup, and launched the genocide of “Operation Condor” which followed.

1. *Eclectica*, Vol. 19, nos. 79-80, Brussels, 1990, cited in Paul Noack, *Carl Schmitt, eine Biographie* (Frankfurt and Berlin: Ullstein, 1993; paperback, 1996).



# The Federalist Society March Through the Institutions

As *EIR* reported last week, the same right-wing, tax-exempt foundations that are behind the fascist Carl Schmitt revival of the past 20 years—attempting a coup against the U.S. Constitution—have also bankrolled a “Schmittlerian” march through the judicial institutions, via the misnamed Federalist Society. We provide detailed profiles here of the Society and its numerous tentacles.

## Federalist Society for Law And Public Policy Studies

Founded in 1982, to serve as a recruiting ground for right-wing lawyers and law students, and a channel for appointing Federalist Society ideologues in Republican Administrations. Through its “practice groups,” litigators for conservative activist organizations map out strategies and theories for potential litigation on various issues to attempt to change the law.

The Institute for Educational Affairs provided \$25,000 seed money for the first symposium of the newly founded Federalist Society in 1983. Major funders are the John M. Olin Foundation, Sarah Scaife Foundation, Lynde and Harry Bradley Foundation, and Lilly Endowment.

### *Key Personnel—Board of Visitors:*

**Robert Bork:** Co-Chairman; Former Judge, U.S. Court of Appeals, D.C. Circuit; Reagan nominee to U.S. Supreme Court (not approved by Congress).

**Orrin Hatch:** Co-Chairman; U.S. Senator (R-Utah); Chairman, Senate Judiciary Committee.

**C. Boyden Gray:** Senior Advisor; subcommittee chairman of Administrative Law and Regulation practice group; Partner, Wilmer Cutler Pickering Hale & Dorr; heir to R.J. Reynolds tobacco interests; Counsel to the Vice-President George H.W. Bush; Counsel to the President George H.W. Bush; Chairman of Citizens for a Sound Economy; Bush-Cheney Transition Department’s Justice Advisory Committee; member of Legal Advisory Council of National Legal Center for Public Interest.

**Edwin Meese III:** Former U.S. Attorney General.

**Theodore Olson:** Former U.S. Solicitor General (G.W. Bush).

**William Bradford Reynolds:** Former Assistant Attorney General Civil Rights Division.

**Donald Hodel:** Former president of Christian Coalition.

**Robert A. Levy:** Director of Institute for Justice, Senior Fellow at Cato Institute.

**Gerald Walpin:** President, Federal Bar Council; Director, Center for Individual Rights.

### *Other Key Members and Activists:*

**Steven Calabresi:** Co-Founder, present National Co-Chairman of Board of Directors; Professor, Northwestern University School of Law; clerked for Judges Ralph Winter, Robert Bork, and Antonin Scalia; served in the Reagan and Bush Administrations from 1985 to 1990; leading proponent of “unitary executive” doctrine.

**David McIntosh:** University of Chicago Chapter Co-Founder; present National Co-Chairman of Board of Directors; Justice Dept. in Reagan and G.H.W. Bush Administrations; executive director of Vice President Dan Quayle’s Counsel on Competitiveness; Congressman from Indiana; ran for Governor of Indiana and lost in a landslide.

**Eugene Meyer:** Executive Director and President; Member of Legal Advisory Council of National Legal Center for Public Interest.

**T. Kenneth Cribb Jr.:** Director and Counselor.

**Michael Carvin:** Civil Rights practice group chairman; Founder and board member of Center for Individual Rights.

**Manuel Klausner:** Free Speech and Elections practice group Past Chairman; Former director, Institute for Justice; General Counsel, Individual Rights Foundation.

**Michael E. Rosman:** Vice chairman of Civil Rights practice group; Center for Individual Rights General Counsel.

**James Bopp, Jr.:** Subcommittee chairman of Free Speech and Elections practice group; General Counsel to National Right to Life Committee, Legal Counsel to Christian Coalition; General Counsel of James Madison Center for Free Speech.

**Roger Clegg:** Past Chairman of Civil Rights practice group; Deputy Assistant Attorney General in the Reagan and G.H.W. Bush Administrations; Chief Counsel of Center for Equal Opportunity.

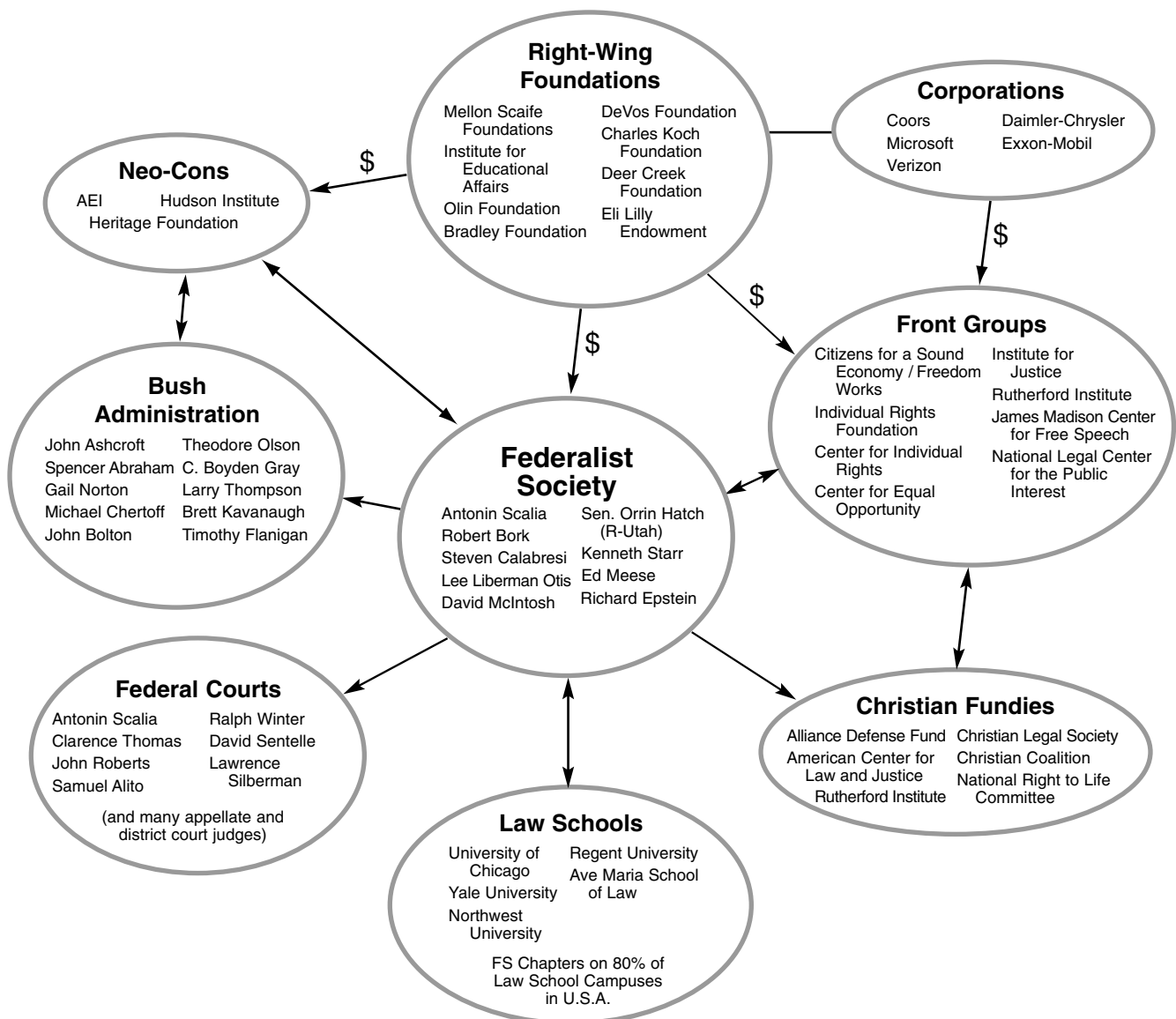
**Kenneth Starr:** Chairman-Elect of Litigation practice group; former Judge, U.S. Court of Appeals, D.C. Circuit; former Independent Counsel against President Bill Clinton; member of Legal Advisory Council of National Legal Center for Public Interest.

**John Norton Moore:** Past Chairman of International and National Security Law practice group; professor, University of Virginia School of Law; putative author of 1981 Executive Order 12333.

**Lee Liberman Otis:** University of Chicago Chapter Co-

**Charles Murray:** Author, *The Bell Curve*.

Founded 1978. Merged in 1990 with Madison Center (founded in 1988 by Straussians William Bennett, Allan Bloom, and Harvard professor Harvey Mansfield) to form the Madison Center for Educational Affairs. Its stated purpose is to seek out promising Ph.D. candidates and undergraduate leaders, help them establish themselves through grants and



fellowships, and then get them jobs with activist organizations, research projects, student publications, Federal agencies, or leading periodicals. IEA established the Collegiate Network of right-wing student publications.

Received start-up grants of \$100,000 from the Olin, Scaife, J.M and Smith Richardson foundations, as well as substantial corporate contributions. Continued funding by Bradley, Olin, Sarah Scaife, and Carthage Foundations.

*Key Personnel:*

**William Simon:** Former Secretary of the Treasury; Chairman, Olin Foundation.

**Irving Kristol:** Former Trotskyist activist; Congress of Cultural Freedom; leading figure in creation of neo-conservatism.

### Citizens for a Sound Economy/FreedomWorks

Founded in 1984, by oil and gas tycoons, brothers David H. and Charles G. Koch, principal owners of Koch Industries of Wichita; Merged in 2004 with Empower America (which was co-founded by Jack Kemp and William Bennett) to form FreedomWorks)

Stated purpose: "FreedomWorks fights for lower taxes, less government and more economic freedom for all Americans." It has opposed health-care reform and a rise in the minimum wage, while championing corporate tax cuts, deregulation, and a balanced budget. Funded by major corporations.

gulation, and a balanced budget. Funded by major corporations.

*Key Personnel:*

FreedomWorks Co-Chairman **Dick Armey:** former House Majority Leader.

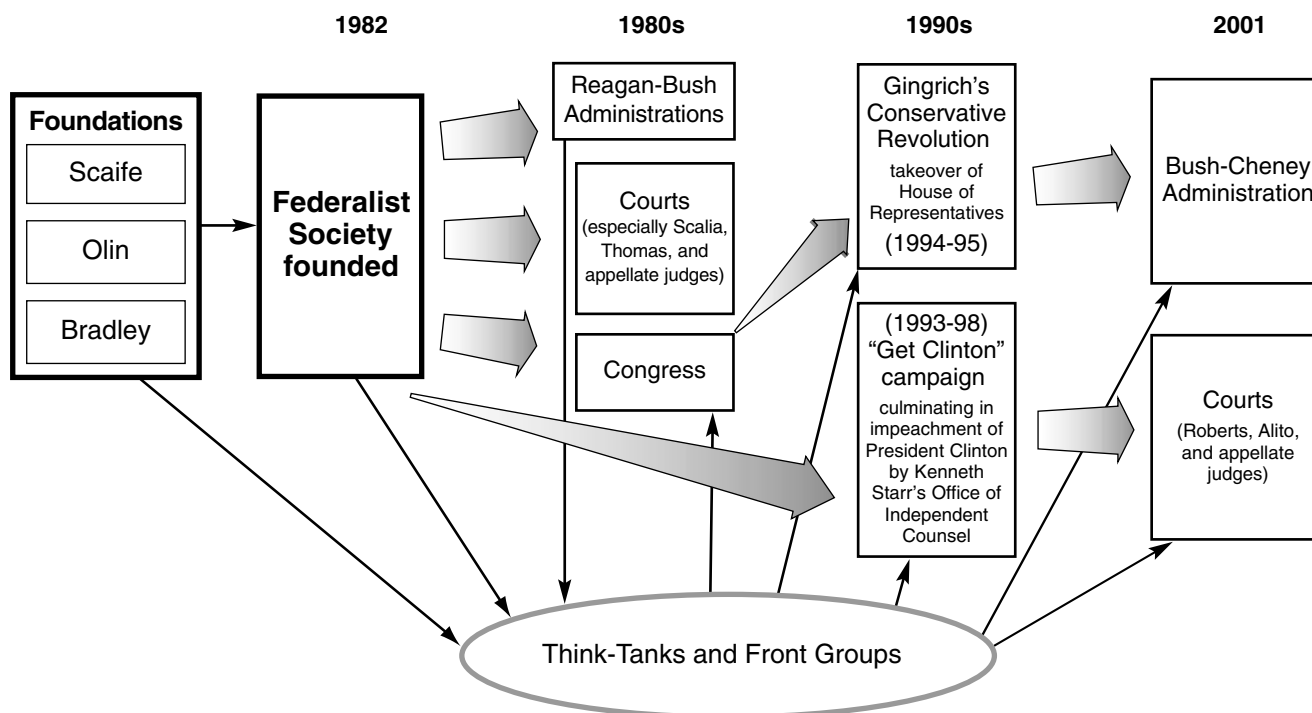
CSE Chairman, FreedomWorks Co-Chairman **C. Boyden Gray.**

### National Legal Center for the Public Interest

Founded in 1975, derived from Pacific Legal Foundation (PLF); served as an umbrella organization funding eight new legal foundations and acting as coordinating center for PLF and the new regional foundations. In early 1980s, after regional foundations had been established (including Washington Legal Foundation), became a research and publishing organization. It also provides educational publications and educational forums to advance what it calls individual rights, free enterprise, private ownership of property, balanced use of private and public resources, limited government, and a "fair and efficient judiciary."

Initial funding came from J. Simon Fluor (fortune accumulated from mineral, oil, nuclear, and other industries), who had also bankrolled PLF. Grants from Carthage, Sarah Scaife, John M. Olin, Lynde and Harry Bradley, and Scaife Family Foundations; contributions from several dozen major busi-

### Chronology: The Feddies' Line of March



ness-associated foundations and trusts. Seed money for the regional foundations was provided by General Motors, Ford, Texaco, Exxon, Gulf and Mobile, and the Scaife foundations.

Legal Advisory Council includes **William P. Barr** (former U.S. Attorney General), **Joseph E. diGenova** (former U.S. Attorney, District of Columbia), **C. Boyden Gray**, **Eugene Meyer**, **Theodore Olson**, **Kenneth Starr**, **William K. Suter** (Clerk of the U.S. Supreme Court), **Dick Thornburgh** (former U.S. Attorney General).

### Individual Rights Foundation

Founded in 1993 as the legal arm of the Center for the Study of Popular Culture (founded by former New Left figures David Horowitz and Peter Collier); litigates high-profile conservative and libertarian public interest cases; operates primarily through the efforts of General Counsel **Manuel Klausner** and IRF-affiliated attorneys. IRF is heavily involved in the lawsuit concerning the Boy Scouts of America policy on homosexual BSA leaders, and campus political correctness cases defending “hurtful speech.”

Funded by Olin, Bradley, Sarah Scaife, Carthage, Allegheny, Hickory, Randolph, and Castle Rock Foundations.

General Counsel **Manuel Klausner** was lead attorney for Californians Against Discrimination and Preferences; defended constitutionality of California’s Proposition 209 (anti-affirmative action statute); has worked to block benefits to illegal immigrants in California.

### Center for Individual Rights

Founded in 1988, by Michael McDonald & Michael Greve (leader of the “Constitution-in-Exile” movement), who had worked at the Washington Legal Foundation. “Public interest” lawfirm, which according to its website connects “conservative, libertarian and moderate” attorneys in for-profit firms with cases “to bring about meaningful legal change.” Website’s summary of cases shows a concentration on campus political-correctness speech cases, anti-affirmative action cases including one defending California’s Proposition 209 (see Individual Rights Foundation, above), and racial- or gender-bias cases.

Funded by conservative and libertarian foundations such as those run by Richard Mellon Scaife.

*Key Personnel:*

General Counsel **Michael E. Rosman**.

Director **Gerald Walpin**.

### Center for Equal Opportunity

Founded in 1995 by Linda Chavez, based on work at the Manhattan Institute, with the encouragement Olin Foundation Chairman William Simon and Executive Director Jim Pierson. Think-tank devoted exclusively to issues of race, ethnicity, language, and assimilation. Opposes racial preferences, affirmative action, and bilingual education programs. Funded by Olin, Sarah Scaife, Bradley, Castle Rock, and Smith Richardson Foundation.

*Key Personnel:*

Founder and President **Linda Chavez**: former assistant to American Federation of Teachers President Al Shanker; appointed to several positions by Reagan and Bush administrations, including staff director of the U.S. Commission on Civil Rights.

Vice President and Chief Counsel is **Roger Clegg**.

### Institute for Justice

Founded in 1991, as litigation center of the “Constitution-in-Exile” movement. Self-description: “IJ litigates to secure economic liberty, school choice, private property rights, freedom of speech and other vital individual liberties and to restore constitutional limits on the power of government. . . . IJ trains law students, lawyers and policy activists in the tactics of public interest litigation . . . challenges the ideology of the welfare state. . . .” Funded by Olin, Bradley, Sarah Scaife, Kirby, Donner, and the Claude R. Lambe Foundations.

*Key Personnel:*

Co-founder, and Counsel for Strategic Litigation, **Clint Bolick**: formerly of right-wing Landmark Legal Foundation.

Co-founder, President, and General Counsel, **William “Chip” Mellor**: former president of right-wing Pacific Research Institute.

Director, **Robert A. Levy**.

### American Center for Law and Justice

Based at Pat Robertson’s Regent University, Virginia Beach, Va. “Someone has got to stop the ACLU [American Civil Liberties Union] in court. And that’s exactly what we are going to do at the American Center for Law and Justice,” said Pat Robertson in 1990.

### Christian Legal Society

Springfield, Va.; founded in Chicago in 1961; has chapters in 169 of the 181 American Bar Association-certified law schools across the country, and estimates their “impact” at 4,000 lawyers or professors per year. They focus their activity around national recruiting conferences, and a series of on-campus publications. In the late ’70s, the CLS underwent a massive expansion, and, in 1980, opened its Center for Law and Religious Freedom in Washington, D.C.

### Rutherford Institute

Charlottesville, Va. Dedicated to the concept of “Christian Reconstructionism,” (also known as “Dominionism”) the doctrine that the United States needs to be broken down and “reconstructed” according to Old Testament law. Represented Paula Jones in civil suit against President Bill Clinton. Funded by the Richard and Helen DeVos, the Bill and Berniece Grewcock and the Orville D. and Ruth A. Merillat Foundations.

*Key Personnel:*

**R.J. Rushdooney**, **John W. Whitehead**.

—Mark Bender and George Canning

# Libby's Drafts of Powell's UN Speech Could Be 'Smoking Gun'

by Michele Steinberg

On Feb. 7, 2003, Lyndon LaRouche, then a candidate in the 2004 Democratic Presidential primaries, warned the nation—especially the other Democratic Party candidates—after the Feb. 5, 2003 speech delivered to the UN Security Council special session on Iraq, by then-Secretary of State Colin Powell, that Powell was the “apparent victim of a hoax.”

LaRouche said: “A suddenly unleashing, already raging international scandal over certain dubious elements included in U.S. Secretary of State Colin Powell’s UNO Security Council address, tends to discredit my Democratic Party rivals even more more than a Powell who was plainly carrying out a mission crafted by others.

“For example, U.S. credibility is under assault as today’s Reuters’ ‘World News’ dispatches featured breaking news which strongly suggests that Colin Powell’s UNO Security Council address was, in significant part, a hoax based on cooked-up documents of Britain’s Blair government.” (For the full statement, see *EIR*, Feb. 21, 2003, or [www.larouche-pub.com](http://www.larouche-pub.com).)

As documented in the Feb. 21, 2003 issue of *EIR*, large parts of Powell’s speech were based on a British intelligence assessment, issued by British Prime Minister Tony Blair’s office, which had been prepared by a think-tank run by Barry Rubin, an American neo-conservative, and then passed into British intelligence. Rubin’s dossier, in turn, was based on a graduate student thesis, written nearly 20 years earlier!

But, there is far more to the story, as *EIR* has exposed. Rubin was an extension of the long arm of Dick Cheney’s disinformation apparatus, run out of his office by his national security aide, Lewis “Scooter” Libby, with a direct “stove-pipe” from the Pentagon’s Office of Special Plans (OSP), run by Libby’s cronies, neo-cons Douglas Feith and Paul Wolfowitz, the No. 3 and No. 2 officials in the Pentagon. In Feb. 21, 2003, *EIR* wrote:

“Rubin, a transplanted Israeli citizen, still spends a good deal of time in the United States. On Feb. 4, [2003] he was one of the speakers at a Willard Hotel luncheon in Washington sponsored by Eleana Benador Associates, a New York City public relations firm that counts among its clients the entire chicken-hawk apparatus. Among the other speakers with Rubin were Benador clients [Richard] Perle, Michael Ledeen,

Frank Gaffney, Laurie Mylroie, former UN weapons inspector Richard Spertzel, and former Iraqi weapons scientist Khidhir Hamza.”

Today, there is no question the speech was a hoax.

“I wish I had not been involved in it,” says Col. Lawrence Wilkerson, who had been an advisor to Powell for 16 years, and who served as his chief of staff from 2002 to 2005, and had worked on the speech. “I look back on it, and I still say it was the lowest point in my life,” Wilkerson told CNN in an August 2005 documentary, “Dead Wrong—Inside an Intelligence Meltdown.”

## ‘Book of Evidence’

The following report is an outline to enable investigators in the U.S. House of Representatives and Senate to conclude not only that Powell’s speech was a hoax—but that it was one cooked in Cheney’s office.

According to a former high-level intelligence professional, who also served for decades in the U.S. Armed Forces, Libby’s drafts could provide “the smoking gun.” Powell reportedly tossed the 90-page draft (or by some accounts, drafts), that Libby and Cheney’s office were trying to force him to deliver to the UN, “in the garbage,” because it was so unsubstantiated. Instead, he spent 3-4 days at CIA headquarters trying to verify each piece of information he would use at the UN. But several reports say that Libby was there, breathing down Powell’s neck, and trying to reinsert the material that Powell had rejected—even on the day of the speech. (See “Yes Dick, You Are a Liar,” *EIR*, Dec. 9, 2005.)

The Libby drafts will probably show the details that Cheney’s office *was* maintaining its own intelligence shop, gathering information that had been rejected by intelligence professionals, a former CIA official told *EIR*. Congressional investigators could get “behind the curtain” of what Cheney and Libby were *deliberately doing* to manufacture intelligence, by reviewing those drafts. Where did Lewis Libby get his information? How did it get funneled into him? The Senate must investigate this question.

Another senior Washington intelligence source told *EIR* that Libby would not have *dared* to shove a draft of a speech down the throat of the Secretary of State, unless he was doing



UN Photo

*Then-Secretary of State Colin Powell addresses the UN Security Council, Feb. 5, 2003, with his infamous argument on behalf of war against Iraq. Large parts of Powell's speech were handed to him by Britain's Tony Blair and Dick Cheney's neo-con disinformation apparatus.*

it for Cheney and had Cheney's okay.

Libby has now been indicted for perjury: lying to Federal investigators. Could his crime have stemmed from a *doctrine* of lying and misleading the American people—and Congress—to achieve a war that could not be justified? As 2006 begins, and the Senate Select Committee on Intelligence conducts its crucial "Phase II" investigation of the lies that led up to the Iraq War, the most crucial "book of evidence" for that investigation must be the Libby draft of Powell's speech.

*EIR* cannot comment directly on the Libby drafts, as they are still secret.

We can show that the key allegations in Powell's testimony were false and unreliable, and that much of the false information came from a nefarious network of rogue intelligence operations run by Cheney. And sources for the false information include *New York Times* reporter Judith Miller and Ahmed Chalabi, the head of the Pentagon-funded Iraqi National Congress, and its intelligence unit, the Information Collection Program (ICP).

In addition, Congressional investigations have established that the intelligence community withheld from Congress—and possibly from Powell—*crucial information* that debunked allegations that Iraq was aiding and training al-Qaeda.

Finally, a Dec. 20, 2005 report of House Judiciary Committee Minority Staff, issued by Rep. John Conyers (D-Mich.), the ranking member on that committee, indicates that Powell doctored transcripts of alleged wiretapped conversations between Iraqi officials, in his UN testimony, to enhance his allegation that Iraqi officials were hiding evidence from UN inspectors.

There are already enough statements by Powell and his longtime assistant, Colonel Wilkerson, for the Senate Intelligence Committee to call Libby, and every single person in-

volved in creating and delivering that UN speech, for a full investigation. For example:

In the *Los Angeles Times*, Nov. 20, 2005, on the source "Curveball," who provided faked information on "mobile bio-weapons labs," that Powell played up, Powell says: "I was not pleased. What really made me not pleased was they [the CIA and DIA] had put out a burn notice on this guy, and people who were even present at my briefings knew it."

In a 2005 interview with ABC-News interviewer Barbara Walters, Powell said the speech was a "blot" on his record, and "I'm the one who presented it to the world, and [it] will always be part of my record. It was painful. It is painful now."

## Two Levels of Hoax

The final version of Powell's speech contained fake statements so numerous, that one can only imagine what he had to discard from drafts that were shoved on him by Libby and Dick Cheney's office.

Why this elaborate hoax? Simply put, the Administration's case for war was going down the tubes in January 2003, because of the ongoing and successful inspections by the UN-MOVIC, the UN team on bio-chemical weapons, headed by Dr. Hans Blix and by the International Atomic Energy Agency, headed by Dr. Mohammed ElBaradei. The UN inspectors had made repeated visits to every supposed "WMD site" that U.S. and British intelligence had identified, and every one was a dry hole.

As the investigation will show, the Iraqi defectors' network of Chalabi had been scrambling to come up with new "intelligence." The scramble dates to at least February 2002, when Amb. Joseph Wilson, sent on a CIA mission to Niger, had determined that the allegations that Iraq had purchased uranium yellowcake from Niger, were groundless. But the new "intelligence," compiled through the Iraqi National Congress's ICP, where information from Chalabi-controlled Iraqi defectors became "intelligence," was so hasty and sloppy that the hoaxes can now be documented.

*Powell on the Iraqi nuclear sites:* Much of the information Powell presented came from an Iraqi National Congress-promoted defector, Saeed al-Haideri, who claimed to have worked at dozens of secret WMD sites in Iraq. A CIA polygraph exam exposed him as a liar. Yet, within weeks of the CIA assessment, Judy Miller, then with the *New York Times*, was given access to al-Haideri for interviews which were featured prominently in the newspaper. Cheney gave a series of speeches based on the Miller article, and al-Haideri was praised by name in White House statements.

*Powell on "aluminum tubes":* Powell not only asserted that the "aluminum tubes" seized from a ship bound for Iraq in 2000, were for centrifuges for the nuclear program, but he ranted, foolishly, that critics inside the intelligence community who had pointed out that it was impossible for those tubes to be used for the centrifuges, were dead wrong. The

aluminum tubes story was again, a “Cheney special,” which again had originated in a *New York Times* story by Judith Miller, on Sept. 8, 2002.

Do these two cases of Miller’s articles spreading what turned out to be false intelligence on Iraqi WMD suggest that she had a role as a White House channels for disinformation? Miller later surfaced as having a special relationship with Scooter Libby, and was one of the earliest recipients of the classified information from him about the identity of CIA covert agent Valerie Plame, the wife of Ambassador Wilson, who had debunked the Niger yellowcake story.

*Powell on the “mobile trailer bio-weapons labs”:* He said that biological weapons production facilities existed on trucks, and on train cars, even illustrating the point with a slide show. The whole story was a “Curveball” concoction. In November 2005, five members of the German intelligence agency, BND, were allowed to divulge to the *Los Angeles Times*, how many times, and how intensely they had warned the United States intelligence services that Curveball was a fabricator, who also turned out to be an Iraqi National Congress stringer—related to one of Chalabi’s bodyguards.

*Powell on the al-Qaeda/Saddam Hussein conspiracy:* Powell went on for pages, about the “decades-long experience” of the ties between Saddam Hussein and al-Qaeda. But the U.S. Senate learned—*long after* Cheney’s pre-emptive war against Iraq—that the White House, CIA, and DIA, had withheld crucial evidence that the information about the al-Qaeda/Iraq links was faulty.

On Nov. 23, 2005, *National Journal* reporter Murray Waas wrote that the Senate Intelligence Committee was involved in a pitched battle with the White House to get them to turn over to the committee a copy of the Sept. 21, 2001 “Presidential Daily Briefing” which was prepared for George W. Bush, and informed him that there was *no* evidence whatsoever linking Iraq to al-Qaeda, or the attacks on the United States on Sept. 11. The White House had never revealed this to the Intelligence Committee until August 2004—after the committee had completed its pre-election report on the intelligence failures! The briefing has still not been turned over to the Senate Select Committee on Intelligence.

Then, on Nov. 29, 2005, Colonel Wilkerson told BBC in an interview that the administration had misused intelligence from captured al-Qaeda member al-Shaykh al-Libi, who claims that he has been the victim of torture. Wilkerson said he is beginning to have “concerns” that the White House was not “simply fooled,” but had lied.

“One is the questioning of Shaykh al-Libi, where his confessions were obtained through interrogation techniques other than those authorized by Geneva. It led Colin Powell to say at the UN . . . that there were some pretty substantive contacts between al-Qaeda and Baghdad. And we now know that al-Libi’s forced confession has been recanted and we know—we’re pretty sure that it was invalid.

“But more important than that, we know that there was a

Defense Intelligence Agency dissent on that testimony even before Colin Powell made his presentation. We never heard about that.” Wilkerson is referring to a DIA memo from February 2002, which was declassified on Oct. 26, 2005, at the request of Senators Jay Rockefeller (D-W.Va.) and Carl Levin (D-Mich.), both members of the Senate Select Committee on Intelligence. Wilkerson also says that the al-Libi disinformation was withheld from Powell.

The DIA’s disowning of al-Libi’s statements had also been withheld from the U.S. Senate, says Senator Levin, who is also on the Senate Armed Services Committee.

That DIA finding “is stunningly different from repeated Administration claims of a close relationship between Saddam and al-Qaeda,” said Levin in a Nov. 6, 2005 statement. “Just imagine the impact if that DIA conclusion had been disclosed at that time. It surely could have made a difference in the congressional vote authorizing the war.”

The DIA memo comments on al-Libi’s claims that al-Qaeda forces went to Iraq:

“This is the first report from Ibn al-Shaykh in which he claims Iraq assisted al-Qaida’s CBRN [Chemical, Biological, Radiological or Nuclear] efforts. However, he lacks specific details on the Iraqis involved, the CBRN materials associated with the assistance, and the location where training occurred. It is possible he does not know any further details; *it is more likely this individual is intentionally misleading the debriefers* [emphasis added by Levin]. Ibn al-Shaykh has been undergoing debriefs for several weeks and may be describing scenarios to the debriefers that he knows will retain their interest.” The DIA memo also said, “Saddam’s regime is intensely secular and is wary of Islamic revolutionary movements. Moreover, Baghdad is unlikely to provide assistance to a group it cannot control.”

Levin also stated that a CIA report on al-Shaykh al-Libi from the same time period said that he was not in a position to know anything about such training. There are also reports that al-Libi recanted his statements.

Levin and Rockefeller are now asking that four other DIA documents about Iraq be declassified.

## Chalabi Gloats

In February 2004, when it had come out that David Kay, head of the U.S. occupation inspection teams, had concluded that there *are no Iraqi WMD*, Ahmed Chalabi gloated to the *London Telegraph*, “We [the Iraqi National Congress] are heroes in error. As far as we are concerned, we have been entirely successful, our objective has been achieved. That tyrant, Saddam, is gone, and the Americans are in Baghdad. What was said before is not important.” But Chalabi’s, and Cheney’s, coverup is breaking apart.

*Mark Bender, George R. Canning, Carl Osgood, Jeffrey Steinberg, and Scott Thompson also contributed to this article.*

# Abramoff Plea Dooms DeLay, Speeds Sinking of Cheney-Bush

by Anton Chaitkin

Jack Abramoff pleaded guilty to conspiracy, mail fraud, and income tax evasion, in two agreements with federal prosecutors Jan. 3 and 4. To lessen a potential 30-year prison sentence, he must fully cooperate in the growing criminal probe of that “K Street” Congressional and lobbying apparatus created by Tom DeLay and increasingly run by Vice President Dick Cheney.

Even the narrow set of facts referenced in the Abramoff plea bargain points directly to the broader underlying reality, that DeLay and Abramoff together forged Abramoff’s crime empire. The SunCruz case alone makes this brutally clear (see below).

The *EIR* exposé of the Cheney-DeLay axis in our Dec. 30, 2005 story, “Cheney and Delay, Joined at the Hip,” is only a first glimpse of the slime tangle enveloping the Administration from the DeLay-Abramoff sewer.

The earlier (Nov. 17, 2005) plea bargain by Abramoff’s criminal partner, Michael Scanlon, helped force Abramoff into his own guilty plea in the first week of the new year.

Their partnership began in the late 1990s while Scanlon was Tom DeLay’s communications director and spokesman. By 2000-2001 Scanlon had left DeLay’s staff and had become Abramoff’s secret lobbying partner. Abramoff was running all their now-famous scams from the Washington office of the Greenberg Traurig law firm. This “Team Abramoff” was an action arm of the K Street lobbying complex created for DeLay by Abramoff and his cohorts Grover Norquist, Ralph Reed, and DeLay Chief of Staff Ed Buckham.

## The Pirate Ship Sails

The Bush-Cheney Administration came into office with Jack Abramoff as an advisor to the Interior Department on the Cheney-led transition team, and as a Bush-Cheney “Pioneer” fundraiser. The DeLay machine gave the Cheney cabal power over Congress. All hands now joined in a mad scramble for loot through such adventures as Enron, Halliburton, gambling casinos on- and off-shore, and the deregulated global pyramid of financial derivatives and hedge funds.

Take, for example, the unsavory case of former Deputy Interior Secretary J. Steven Griles, an asset of both the Cheney and the DeLay-Abramoff sides of the apparatus.

A federal task force is now probing how Griles ran errands inside the Interior Department for the Abramoff and Norquist

Indian casino scams. But Griles simultaneously helped manage the policy-making for Vice President Cheney’s notorious, still secret, Energy Task Force. And Griles, while he was the number two official in the Interior Department, continued taking his salary as a lobbyist for the anti-regulatory coal mining companies—an industry turned more murderous by the plunder policies of the financiers sponsoring the present regime.

Griles is currently the partner of Halliburton lobbyist Joseph Allbaugh and of former Dick Cheney advisor Andrew Lundquist, in a lobbying firm plugged into the DeLay “K Street” informal government apparatus. This K Street apparatus has recently been co-managed by Dick Cheney, who has more or less lived on Capitol Hill, and by Rep. Roy Blunt (R-Mo.), DeLay’s underling and his temporary replacement as Majority leader since DeLay’s indictment.

## Murder in the Laundry

Jack Abramoff’s second guilty plea (Jan. 4) involved his fraudulent takeover of the SunCruz casino cruise line. The Broward County (Fort Lauderdale) State’s Attorney’s office is prosecuting, in a separate case under Florida state law, the gangland-style murder of former SunCruz owner Konstantinos “Gus” Boulis.

A source close to the murder prosecution has told *EIR* that investigators are looking closely at the angle of money laundering. The source said prosecutors have gotten from a former SunCruz chief financial officer, a conservative estimate that “tens of millions of dollars cash per month” went through the SunCruz casino boats.

The source said the ability to launder large sums through such a cash-only business, offshore away from regulators and law enforcement, would be a prime motivation for taking control of the enterprise, and for hiring people like the Mafia-connected Anthony Moscattiello to accomplish such money laundering. After Jack Abramoff and his partners took over SunCruz, Moscattiello was paid as a company consultant. Moscattiello and two of his associates have been arrested and charged as trigger-men in the Gus Boulis murder.

The source told *EIR* that Boulis was actively seeking to take back control of the company when he was killed, and had gotten backers to put up the \$60 million necessary to repay Foothill Capital the amount they loaned to Abramoff



to buy SunCruz. (Abramoff has pleaded guilty to defrauding Foothill for the \$60 million loan.)

The source said the prosecutors are looking at Abramoff and his partner Adam Kidan, to see which of the two might convincingly implicate the other as the main architect of the Boulis murder.

Note that Bush-Cheney fundraiser Jack Abramoff had control over that flood of unregulated and untraceable cash washing through SunCruz; it was based out of Florida, the state governed by the incoming President's brother Jeb Bush, the state of the famous 2000 election chicanery, the state wherein the Bush-Cheney ticket was directly supervised by Abramoff's partner in dirty money-conduits, Ralph Reed.

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## Chronology

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### Abramoff's SunCruz Caper

Below is a timeline for Abramoff's SunCruz adventure. It displays the deeper reality of the "DeLay, Inc." apparatus in action, beyond the crooked mutual favors between DeLay and Abramoff that are being played up in the mass media.

**February 2000:** Abramoff negotiated with Gus Boulis to buy his SunCruz line of 11 ocean-going gambling casino boats.

**May 2000:** Abramoff flew Tom DeLay and DeLay's deputy chief of staff Tony Rudy on a 10-day golfing trip to Scotland.

**June 9, 2000:** Boulis got from the DeLay office a flag that had flown over the U.S. Capitol.

**June 15, 2000:** Abramoff, Kidan, DeLay's Tony Rudy, and SunCruz personnel flew on a SunCruz jet to California for a golf tournament. Boulis agreed a week later to sell SunCruz to Abramoff and Kidan, while keeping a 10% stake in the company.

**Sept. 18, 2000:** Greg Walker of Foothill Capital Corp. met Tom DeLay in Abramoff's Skybox at a Washington Redskins football game.

**Sept. 26, 2000:** Abramoff and Kidan got a \$60 million loan from Foothill Capital, with DeLay's Tony Rudy serving as a reference for the loan.

**Oct. 26, 2000:** Rep. Robert Ney (R-Ohio), praised Kidan and attacked Boulis in the Congressional Record, using a script written by former DeLay spokesman Scanlon. DeLay would soon sponsor Ney to become chairman of the House Administration Committee.

**November 2000:** The Presidential election and recount in Florida was marred by irregularities including intimidation riots staged by Republicans. Four men known later as Abra-

moff subordinates, Shawn Vasell, Duane Gibson, Todd Boulanger, and Tony Rudy, participated in the ground-level Republican action in Florida.

**December 2000:** Gus Boulis protested being defrauded by Abramoff and Kidan, and worked to get back in control of SunCruz. Abramoff-Kidan e-mails show they had begun planning to remove Boulis from the picture.

**December 2000 (and again in April, 2001):** Kidan and other SunCruz representatives were in Saipan, Northern Marianas Islands, to work out plans to move some of their operations there. That Pacific territory was virtually governed by Jack Abramoff, the official representative of the Commonwealth of the Northern Marianas Islands, and of the garment manufacturers there, and by Tom DeLay, who as dictator of the U.S. House of Representatives, defeated attempts to raise the islands' labor standards above those of slavery, while he and his staff shared in the millions Abramoff was paid to achieve that end.

**Dec. 13, 2000:** SunCruz began paying a total of \$145,000 to reputed Gambino-crime-family associate Anthony Moscatiello, and to his daughter, for "consulting" and "catering."

**Early in 2001 (no later than March):** Tony Rudy left DeLay's staff to join Abramoff at Greenberg Traurig.

**Jan. 19, 2001:** Gus Boulis filed for court action to force payment from Kidan/Abramoff and to block their control of SunCruz.

**Jan. 20, 2001:** Kidan and Scanlon attended the gathering in Tom DeLay's office celebrating the Inauguration of President Bush and Vice President Cheney.

**Jan. 28, 2001:** Abramoff flew Tom DeLay's aide, Tim Berry, to Florida on a SunCruz jet, to go gambling on a SunCruz floating casino. Abramoff at that time was paying himself a \$500,000 SunCruz salary.

**Feb. 6, 2001:** Gus Boulis was shot to death on a Fort Lauderdale street.

**March 15, 2001:** Abramoff, Kidan and three other SunCruz executives each donated \$1,000 to Rep. Ney at a Ney fundraising event at a Washington basketball game.

Since these events, DeLay, Abramoff, Moscatiello, Scanlon, Kidan—and Dick Cheney's chief of staff, Lewis Libby—have all been indicted. Grand juries and prosecutorial task forces are in action, pressing in on the Cheney-DeLay axis, closing in on perhaps 60 or more Congressmen and other Federal officials and lobbyists. President George W. Bush, Tom DeLay, and Roy Blunt have each announced they are giving away to charity some of the money they got from Jack Abramoff; but it would appear to be too late.

Abramoff's Jan. 3 plea agreement includes the statement, "Nothing in this agreement is intended to provide any limitation of liability arising out of any acts of violence." This clause leaves open the possibility that Abramoff might be charged with the murder of Gus Boulis—an added incentive for his vigorous cooperation with the prosecutorial forces now aimed at his criminal partners.

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## From the Congress

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### Conyers Demands Inquiry On 'Impeachable Offenses'

*The following document was issued by the House Judiciary Committee Democratic Staff, on December 20, 2005. We publish here the table of contents, and the Executive Summary. The full document can be found at Iraq Report 109th Congress <http://www.house.gov/judiciarydemocrats/iraqrept.html>.*

The Constitution in Crisis: The Downing Street Minutes and Deception. Manipulation, Torture, Retribution, and Coverups in the Iraq War

#### Executive Summary

This Minority Report has been produced at the request of Representative John Conyers, Jr., Ranking Member of the House Judiciary Committee. He made the request in the wake of the President's failure to respond to a letter submitted by 122 Members of Congress and more than 500,000 Americans in July of this year, asking him whether the assertions set forth in the Downing Street Minutes were accurate. Mr. Conyers asked staff, by year end 2005, to review the available information concerning possible misconduct by the Bush Administration in the run up to the Iraq War and post-invasion statements and actions, and to develop legal conclusions and make legislative and other recommendations to him.

In brief, we have found that there is substantial evidence the President, the Vice President, and other high ranking members of the Bush Administration misled Congress and the American people regarding the decision to go to war, with misstated and manipulated intelligence information regarding the justification for such war; countenanced torture and cruelty, inhuman and degrading treatment, and other legal violations in Iraq; and permitted inappropriate retaliation against critics of their Administration.

There is a *prima facie* case that these actions by the President, Vice-President, and other members of the Bush Administration violated a number of federal laws, including (1) Committing a Fraud against the United States; (2) Making False Statements to Congress; (3) The War Powers Resolution; (4) Misuse of Government Funds; (5) federal laws and international treaties prohibiting torture and cruel, inhuman, and degrading treatment; (6) federal laws concerning retaliating against witnesses and other individuals; and (7) federal laws and regulations concerning leaking and other misuse of intelligence.

While these charges clearly rise to the level of impeach-



EIRNS/Stuart Lewis

*Rep. John Conyers, Jr., ranking member of the House Judiciary Committee, requested a Minority Report on possible misconduct by the Administration in the run-up to the Iraq War, and issued resolutions calling for a Select Committee to investigate the Administration, and to censure Bush and Cheney.*

able misconduct, because the Bush Administration and the Republican-controlled Congress have blocked the ability of Members to obtain information directly from the Administration concerning these matters, more investigatory authority is needed before recommendations can be made regarding specific Articles of Impeachment. As a result, we recommend that Congress establish a select committee with subpoena authority, to investigate the misconduct of the Bush Administration with regard to the Iraq war detailed in this Report, and report to the Committee on the Judiciary on possible impeachable offenses.

In addition, we believe the failure of the President, Vice President, and others in the Bush Administration to respond to myriad requests for information concerning these charges, or to otherwise account for, or explain, a number of specific misstatements they have made in the run-up to War and other actions warrants, at minimum, the introduction and Congress' approval of Resolutions of Censure against Mr. Bush and Mr. Cheney. Further, we recommend that Ranking Member Conyers and others consider referring the potential violations of federal criminal law detailed in this Report to the Department of Justice for investigation; Congress should pass legislation to limit government secrecy, enhance oversight of the Executive Branch, request notification and justification of presidential pardons of Administration officials, ban abusive treatment of detainees, ban the use of chemical weapons, and ban the practice of paying foreign media outlets to publish news stories prepared by or for the Pentagon; and the House

should amend its Rules to permit Ranking Members of Committees to schedule official Committee hearings and call witnesses to investigate Executive Branch misconduct.

The Report rejects the frequent contention by the Bush Administration that their pre-war conduct has been reviewed and they have been exonerated. No entity has ever considered whether the Administration misled Americans about the decision to go to war. The Senate Intelligence Committee has not yet conducted a review of pre-war intelligence distortion and manipulation, while the Silberman-Robb report specifically cautioned that intelligence manipulation “was not part of our inquiry.” There has also not been any independent inquiry concerning torture and other legal violations in Iraq; nor has there been an independent review of the pattern of coverups and political retribution by the Bush Administration against its critics, other than the very narrow and still ongoing inquiry of Special Counsel Fitzgerald.

While the scope of this Report is largely limited to Iraq, it also holds lessons for our Nation at a time of entrenched one-party rule and abuse of power in Washington. If the present Administration is willing to misstate the facts in order to achieve its political objectives in Iraq, and Congress is unwilling to confront or challenge their hegemony, many of our cherished democratic principles are in jeopardy. This is true not only with respect to the Iraq War, but also in regard to other areas of foreign policy, privacy and civil liberties, and matters of economic and social justice. Indeed as this Report is being finalized, we have just learned of another potential significant abuse of executive power by the President, ordering the National Security Agency to engage in domestic spying and wiretapping without obtaining court approval in possible violation of the Foreign Intelligence Surveillance Act.

It is tragic that our Nation has invaded another sovereign nation because “the intelligence and facts were being fixed around the policy,” as stated in the Downing Street Minutes. It is equally tragic that the Bush Administration and the Republican Congress have been unwilling to examine these facts or take action to prevent this scenario from occurring again. Since they appear unwilling to act, it is incumbent on individual Members of Congress as well as the American public to act to protect our constitutional form of government.

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# Call for Investigation By Select Committee

*The following is House Resolution 635, submitted Dec. 18, 2005, which was referred to the Committee on Rules by Rep. John Conyers, Jr., Ranking Member of the House Judiciary Committee, calling for the creation of a Select Committee to investigate the Bush/Cheney Administration.*

## Resolution

Creating a select committee to investigate the Administration's intent to go to war before congressional authorization, manipulation of pre-war intelligence, encouraging and countenancing torture, retaliating against critics, and to make recommendations regarding grounds for possible impeachment.

*Resolved*, That there is hereby established in the House of Representatives a select committee to be known as the Select Committee on Administration Predetermination to Go to War and Manipulation of Intelligence (in this resolution referred to as the "Select Committee").

## Purposes And Functions

SEC. 2. (a) The Select Committee is authorized and directed to investigate all relevant government agencies actions and decisions relating to the Administration's intent to go to war before congressional authorization, manipulation of pre-war intelligence, encouraging and countenancing torture, and retaliating against critics, including:

(1) actions by the White House, National Security Council, Department of State, Department of Defense, and Central Intelligence Agency related to United Nations and Iraq Survey Group inspections of Iraq;

(2) knowledge of Iraq's ability regarding and intentions toward, or lack of ability regarding or intentions toward, nuclear weapons capability;

(3) knowledge regarding Iraq's possession of or attempted possession of, or regarding the lack of possession of or attempted possession of, chemical or biological weapons;

(4) knowledge of Iraq's possession of aluminum tubes for conventional rocket programs or for nuclear weapons development;

(5) knowledge regarding Iraq's intent, or lack of intent, toward acquiring yellowcake uranium from Niger;

(6) knowledge of any involvement, or lack of involvement, by Iraq in the September 11, 2001, attacks against the United States;

(7) knowledge of any connections or ties, or of any lack of connections or ties, between Iraq and al Qaeda;

(8) knowledge of any meeting, or lack of any meeting,

between Iraqi intelligence officials and Mohammed Atta in Prague, Czechoslovakia;

(9) preparations for detention, interrogation and treatment of detainees, or lack thereof, made in the planning stages of the Iraq conflict prior to March 19, 2003;

(10) knowledge of abuses and mistreatment of detainees during the Iraq conflict after March 19, 2003;

(11) the investigation of abuses and mistreatment, or lack thereof, the results of these investigations, any sanctions or punishment of offenders, and any efforts to keep these reports either from supervisors, officials or the public;

(12) an examination of all prison facilities, including the High Value Detainee facility at Baghdad airport and secret prisons or 'black sites,' for detaining individuals outside the United States;

(13) the extent to which civilian, military, or intelligence officials expressly authorized, willingly ignored, or created an atmosphere that condoned the abuses and mistreatment that occurred at Abu Ghraib, Iraq; and

(14) knowledge on the part of any White House officials of the covert identity of Valerie Plame Wilson and any discussion or communication by such officials with members of the media about such identity, and any failure to enforce Executive Order 12958.

## Appointment and Membership

SEC. 3. (a) Members—The Select Committee shall be composed of 20 Members of the House to be appointed by the Speaker, of whom—

(1) 10 Members shall be appointed upon the recommendation of the minority leader as set forth below;

(2) 1 Member he shall designate as chairman;

(3) 1 Member he shall designate, upon the recommendation of the minority leader, as vice chairman.

(4) 4 Members shall sit on the Committee on the Judiciary, of whom 2 shall be appointed upon the recommendation of the minority leader;

(5) 4 Members shall sit on the Committee on International Relations, of whom 2 shall be appointed upon the recommendation of the minority leader;

(6) 4 Members shall sit on the Permanent Select Committee on Intelligence, of whom 2 shall be appointed upon the recommendation of the minority leader;

(7) 4 Members shall sit on the Committee on Government Reform, of whom 2 shall be appointed upon the recommendation of the minority leader; and

(8) 4 Members shall sit on the Committee on Armed Services, of whom 2 shall be appointed upon the recommendation of the minority leader.

(b) Vacancies—Any vacancy occurring in the membership of the Select Committee shall be filled in the same manner in which the original appointment was made.

(c) For purposes of this section, the term 'Member' means

any Representative in, or Delegate or Resident Commissioner to, the House of Representatives.

## **Powers of Select Committee**

### **SEC. 4. (a) In General—**

(1) **HEARINGS AND EVIDENCE**—The Select Committee or, on the authority of the Select Committee, any subcommittee or member thereof, may, for the purpose of carrying out this resolution—

(A) hold such hearings and sit and act at such times and places, take such testimony, receive such evidence, administer such oaths; and

(B) subject to paragraph (2)(A), require, by subpoena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Select Committee or such designated subcommittee or designated member may determine advisable, including but not limited to—

(i) White House documents (e.g., memoranda, e-mails, notes of phone calls, handwritten notes);

(ii) Department of Defense documents; (iii) Department of Justice materials; (iv) Department of State documents; (v) Central Intelligence Agency analyses;

(vi) Defense Intelligence Agency analyses;

(vii) National Security Council memoranda; and

(viii) Special Counsel Patrick Fitzgerald's notes, grand jury materials, and other evidence collected or created as part of the CIA leak investigation.

### **(2) SUBPOENAS—**

#### **(A) ISSUANCE—**

(i) **IN GENERAL**—A subpoena may be issued under this section only—

(I) by the agreement of the chairman and the vice chairman; or

(II) by the affirmative vote of 10 members of the Select Committee.

(ii) **SIGNATURE**—Subject to clause (i), subpoenas issued under this subsection may be issued under the signature of the chairman or any member designated by a majority of the Select Committee, and may be served by any person designated by the chairman or by a member designated by a majority of the Select Committee.

#### **(B) ENFORCEMENT—**

(i) **IN GENERAL**—In the case of contumacy or failure to obey a subpoena issued under subsection (a), the United States district court for the judicial district in which the subpoenaed person resides, is served, or may be found, or where the subpoena is returnable, may issue an order requiring such person to appear at any designated place to testify or to produce documentary or other evidence. Any failure to obey the order of the court may be punished by the

court as a contempt of that court.

(ii) **ADDITIONAL ENFORCEMENT**—In the case of any failure of any witness to comply with any subpoena or to testify when summoned under authority of this section, the Select Committee may, by majority vote, certify a statement of fact constituting such failure to the appropriate United States attorney, who may bring the matter before the grand jury for its action, under the same statutory authority and procedures as if the United States attorney had received a certification under sections 102 through 104 of the Revised Statutes of the United States (2 U.S.C. 192 through 194).

(b) **Contracting**—The Select Committee may, to such extent and in such amounts as are provided in appropriation Acts, enter into contracts to enable the Select Committee to discharge its duties under this resolution.

#### **(c) Information From Federal Agencies**

(1) **IN GENERAL**—The Select Committee is authorized to secure directly from any executive department, bureau, agency, board, commission, office, independent establishment, or instrumentality of the Government, information, suggestions, estimates, and statistics for the purposes of this resolution. Each department, bureau, agency, board, commission, office, independent establishment, or instrumentality shall, to the extent authorized by law, furnish such information, suggestions, estimates, and statistics directly to the select committee, upon request made by the chairman, the chairman of any subcommittee created by a majority of the Select Committee, or any member designated by a majority of the Select Committee.

(2) **RECEIPT, HANDLING, STORAGE, AND DISSEMINATION**—Information shall only be received, handled, stored, and disseminated by members of the Select Committee and its staff consistent with all applicable statutes, regulations, and Executive orders.

#### **(d) Assistance From Federal Agencies**

(1) **GENERAL SERVICES ADMINISTRATION**—The Administrator of General Services shall provide to the Select Committee on a reimbursable basis administrative support and other services for the performance of the Select Committee's functions.

(2) **OTHER DEPARTMENTS AND AGENCIES**—In addition to the assistance prescribed in paragraph (1), departments and agencies of the United States may provide to the Select Committee such services, funds, facilities, staff, and other support services as they may determine advisable and as may be authorized by law.

(e) **Gifts**—The Select Committee may accept, use, and dispose of gifts or donations of services or property.

(f) **Postal Services**—The Select Committee may use the United States mails in the same manner and under the same conditions as departments and agencies of the United States.

## Administrative Provisions

SEC. 5. (a) Subject to the adoption of expenses resolutions as required by clause 5 of rule XI of the Rules of the House of Representatives, the Select Committee may incur expenses in connection with its functions under this resolution.

(b) In carrying out its functions under this resolution, the Select Committee, is authorized to—

(1) appoint, either on permanent basis or as experts or consultants, such staff as the Select Committee considers necessary;

(2) prescribe the duties and responsibilities of such staff;

(3) fix the compensation of such staff at a single per annum gross rate which does not exceed the highest rate of basic pay, as in effect from time to time, of level V of the Executive Schedule in section 5316 of title 5, United States Code;

(4) terminate the employment of any such staff as the Select Committee considers appropriate; and,

(5) reimburse members of the Select Committee and of its staff for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties and responsibilities for the Select Committee, other than expenses in connection with any meeting of the Select Committee, or a subcommittee thereof, held in the District of Columbia.

(c) The Select Committee and all authority granted in this resolution shall expire 30 days after the filing of the report of the Select Committee with the House.

## Reports of Select Committee

SEC. 6. (a) The Select Committee shall report to the House as soon as practicable during the present Congress, but not later than six months after the date of passage of this resolution, the results of its investigation and study, together with such recommendations as it deems advisable. The Select Committee shall report to the Committee on the Judiciary as soon as practicable during the present Congress, but not later than six months after the date of passage of this resolution, of any substantial and credible information which such Select Committee receives in carrying out its responsibilities that may constitute grounds for possible impeachment.

(b) Any such report which is made when the House is not in session shall be filed with the Clerk of the House.

(c) Any such report shall be referred to the committee or committees which have jurisdiction over the subject matter thereof.

(d) The records, files, and materials of the Select Committee shall be transferred to the Clerk of the House but, if the report of the Select Committee is referred to only one committee under the provisions of subsection (c), the records, files, and materials of the Select Committee shall be transferred instead to the committee to which the final report is referred.

## Censure George W. Bush

*The following is House Resolution 636 submitted Dec. 18, 2005, which was referred to the Committee on the Judiciary by Rep. John Conyers, Jr., Ranking Member of the House Judiciary Committee, calling for the censuring of President George W. Bush.*

### Resolution

Censuring President George W. Bush for failing to respond to requests for information concerning allegations that he and others in his Administration misled Congress and the American people regarding the decision to go to war in Iraq, misstated and manipulated intelligence information regarding the justification for the war, countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq, and permitted inappropriate retaliation against critics of his Administration, for failing to adequately account for specific misstatements he made regarding the war, and for failing to comply with Executive Order 12958.

Whereas President George W. Bush has failed to respond to requests for information concerning allegations that he and others in his Administration misled Congress and the American people regarding the decision to go to war in Iraq (including his failure to respond to a letter signed by 122 Members of Congress on July 12, 2005, asking him whether the assertions set forth in the Downing Street Minutes are accurate), misstated and manipulated intelligence information regarding the justification for the war, countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq, and permitted inappropriate retaliation against critics of his Administration;

Whereas President George W. Bush has failed to account for or explain misstatements he made in preparation for the United States military invasion of Iraq, including—

(1) his October 7, 2002, statement that “[w]e’ve learned that Iraq has trained al-Qaeda members in bomb-making and poisons and deadly gases,” notwithstanding the fact that a February 2002 Defense Intelligence Agency document found that the source for the information “was intentionally misleading the debriefers” in making claims about Iraqi support for al-Qaeda’s work with illicit weapons;

(2) his January 28, 2003, State of the Union Address assertion that “the British government has learned that Saddam Hussein recently sought significant quantities of uranium from Africa,” notwithstanding the fact that the Central Intelligence Agency had repeatedly expressed concerns with the basis for such assertions; and

(3) his January 28, 2003, State of the Union Address assertion that, as a result of information provided by defectors from

Iraq, “we know that Iraq, in the late 1990s, had several mobile biological weapons labs . . . designed to produce germ warfare agents, and can be moved from place to a place to evade inspectors,” notwithstanding the fact that numerous United States and foreign intelligence officials had discredited the information; and

Whereas President George W. Bush has failed to comply with his obligations under Executive Order 12958 concerning the protection of classified national security information in that, notwithstanding the fact that several officials within his Administration disseminated classified national security information to the media concerning the status of Valerie Plame Wilson at the Central Intelligence Agency, the President has not disciplined or taken any corrective action against any of these officials, including officials in his Administration that continue to have access to classified information: Now, therefore, be it

*Resolved*, That the House of Representatives does hereby censure President George W. Bush for—

(1) failing to respond to requests for information concerning allegations that he and others in his Administration—

(A) misled Congress and the American people regarding the decision to go to war in Iraq;

(B) misstated and manipulated intelligence information regarding the justification for the war;

(C) countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq; and

(D) permitted inappropriate retaliation against critics of his Administration;

(2) failing to adequately account for specific misstatements he made regarding the war; and

(3) failing to comply with Executive Order 12958.

## Censure Dick Cheney

*The following is House Resolution 637 submitted Dec. 18, 2005, which was referred to the Committee on the Judiciary by Rep. John Conyers, Jr., Ranking Member of the House Judiciary Committee, calling for the censuring of Vice President Richard B. Cheney.*

### Resolution

Censuring Vice President Richard B. Cheney for failing to respond to requests for information concerning allegations that he and others in the Administration misled Congress and the American people regarding the decision to go to war in Iraq, misstated and manipulated intelligence information regarding the justification for the war, countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq, and permitted inappropriate retaliation against critics of the

Administration and for failing to adequately account for specific misstatements he made regarding the war.

Whereas Vice President Richard B. Cheney has failed to respond to requests for information concerning allegations that he and others in the Administration misled Congress and the American people regarding the decision to go to war in Iraq (including failing to respond to a letter from several Members of Congress, dated November 3, 2005, requesting that he explain his involvement in the disclosure of the identity of Valerie Plame Wilson as a covert Central Intelligence Agency operative), misstated and manipulated intelligence information regarding the justification for the war, countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq, and permitted inappropriate retaliation against critics of the Administration; and

Whereas Vice President Richard B. Cheney has failed to account for or explain misstatements he made in preparation for the United States military invasion of Iraq, including—

(1) his December 9, 2001, statement that the report that Mohammed Atta had met with the Iraq intelligence authorities in Prague in April 2001 had “been pretty well confirmed,” notwithstanding the fact that the Vice President repeatedly learned that the Federal Bureau of Investigation and the Central Intelligence Agency both concluded that the meeting did not take place and the Vice President did not then withdraw his statement;

(2) his August 26, 2002, statement the United States had learned that Iraq had resumed efforts to acquire nuclear weapons “from first hand testimony from defectors, including Saddam’s own son-in-law,” notwithstanding the fact that Saddam’s son-in-law had been killed in 1996 and United States officials had been briefed to the effect that the individual had not provided such first-hand testimony; and

(3) his September 8, 2002, statement that we know “with absolute certainty, that [Saddam Hussein] is using his procurement system to acquire the equipment he needs in order to enrich uranium to build a nuclear weapon,” notwithstanding the fact that the Department of Defense, the Department of Energy, and the Department of State, as well as other credible intelligence sources, had contradicted his statement: Now, therefore, be it

*Resolved*, That the House of Representatives does hereby censure Vice President Richard B. Cheney for—

(1) failing to respond to requests for information concerning allegations that he and others in the Administration of President George W. Bush misled Congress and the American people regarding the decision to go to war in Iraq, misstated and manipulated intelligence information regarding the justification for the war, countenanced torture and cruel, inhuman, and degrading treatment of persons in Iraq, and permitted inappropriate retaliation against critics of the Administration; and

(2) failing to adequately account for specific misstatements the Vice President made regarding the war.

## Bush-Cheney Actions Proliferate Hotspots

As the political screws turn ever tighter on the Cheney-Bush Administration, the Cheney warmongers have worked overtime to create new flashpoints internationally, in order to maintain their policy of “perpetual war.” As *EIR* has documented abundantly, Cheney’s Hitlerian philosophy calls for maintaining a permanent state of crisis, the better to justify the dictatorship which he wants to put in place.

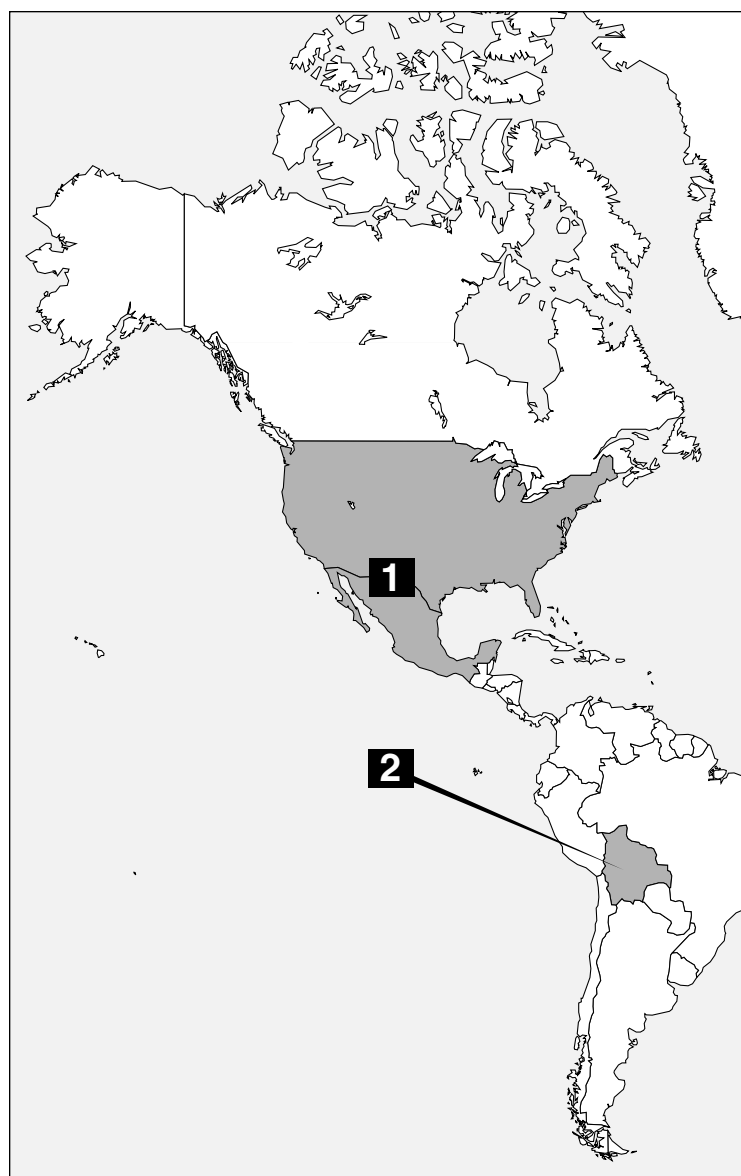
No later than Jan. 3, 2001, Lyndon LaRouche identified this thrust of the Cheney Administration, when he said:

“What you’re going to get with a frustrated Bush Administration, if it’s determined to prevent itself from being opposed, you’re going to get crisis management. Where special warfare types, of the secret government, the secret police treasuries, will set off provocations, which will be used to bring about dictatorial powers, in the name of crisis management. You will have small wars set off in various parts of the world, which the Bush Administration will respond to with crisis management methods of provocation.”

The accompanying map of hotspots, compiled as of Jan. 5, coheres with precisely that pattern—one that can only end with Cheney’s removal.

**1. Mexico:** Tensions are being dramatically increased on the Mexican-U.S. border by an insane, and increasingly violent, U.S. crackdown on immigration. In the context of the deployment of drug gangs and paramilitaries, this Cheneyac policy could easily spark terrorism, or shooting wars.

**2. Bolivia:** The election of Cocalero leader Evo Morales as President, has further heated up rhetoric and tensions in the Andean region, which the Bush Administration has targeted for multinational police action. (See article.)



**3. Ukraine/Russia:** The confrontation between Russia and Ukraine over the price of natural gas, has temporarily been resolved, but it reflects a more aggressive attitude by the Kremlin toward provocations being waged on Russia’s borders.

**4. Lebanon/Syria:** Cheney/neo-con forces in the Bush Administration are continuing to push for confrontation with Syria, using the issue of the assassination of former Lebanese Prime Minister Rafiq Hariri. Further assassinations have kept the pressure on Syria, and the latest “revelations,” by a French-allied former Syrian official, are furthering tensions. (See article.)

**5. Palestine-Israel:** The Israeli government





has launched new aggressive actions, including targeted assassinations, in the Gaza Strip, on the virtual eve of the Palestinian legislative elections. The Israelis and the U.S. Congress have also interfered in those elections in various ways, including demands that the Hamas group be prevented from participating. The situation is on the edge of blowup, which Israeli Prime Minister Ariel Sharon's incapacitation is unlikely to assuage.

**6. Iraq:** In the wake of the much-touted "democratic" elections on Dec. 15, a new government is nowhere near being formed, and the insurgency is taking lives and disrupting the economy, at an extraordinary pace.

**7. Iran:** Negotiations over Iran's nuclear program

are continuing, between Iran and the EU-3, amid increasingly hot rhetoric from both sides. On the one side, President Ahmedinejad is de facto provoking Israel, with inflammatory statements, while, on the other side, the Cheneyacs, and some Israelis, are calling for pre-emptive strikes against Iran's nuclear program. Only a Russian proposal currently seems to provide an interim solution. (See article.)

**8. Pakistan:** Rioting by tribesmen in the Balochistan province is leading the Pakistani government to take harsh crackdown measures, and to blame Iran for the unrest, raising the possibility of regional conflict.

**9. Afghanistan:** Violence has definitely been on the rise in this Cheney "success" story, with the

emergence of suicide bombings and Taliban raids against the occupiers.

**10. Myanmar:** President Bush, Secretary of State Condoleezza Rice, and UN Ambassador John Bolton have issued threats not only against Myanmar itself, but to the rest of the nations of the Association of Southeast Asian Nations (ASEAN), for refusing to join the United States in sanctions and political subversion activities against Myanmar. Meeting with several ASEAN members on the sidelines of the Asia-Pacific Economic Cooperation (APEC) meeting in November, Bush and Rice referred to Myanmar as “one of the worst regimes in the world.” ASEAN’s chairman countered that they would “continue the engagement with Myanmar.” In December, Bolton demanded that Myanmar be placed on the agenda of the UN Security Council, on the basis that Myanmar was a “threat to international peace and security.” The Security Council rejected this absurd claim, insisting that only ASEAN should determine whether Myanmar is a threat. Myanmar has begun the process of moving its national capital from Yangon to Pyinmana in the interior, reportedly concerned about the vulnerability of Yangon to U.S. military threats.

**11. Korea:** After what appeared to be a substantial breakthrough in the Six-Party talks concerning North Korea in mid-September, the Cheney faction has effectively derailed further talks. U.S. Ambassador Christopher Hill, who had reached tentative agreements with Pyongyang, was replaced in late October by Ambassador Alexander Vershbow. When Vershbow, on Dec. 7, called North Korea a “criminal regime,” the chances of Pyongyang returning to the negotiating table went to near-zero, and saber-rattling is again the order of the day.

**12. Philippines:** Five thousand U.S. troops are landing in Mindanao in February, for joint military “exercises” in the live combat zones of the largely Islamic southern islands of the Philippines, despite explicit constitutional restrictions against foreign military operations on Philippine soil. These largest-yet “exercises” come as the neo-cons’ assets in Manila—former President Fidel Ramos and House Speaker Jose De Venecia—are trying to force the convening of a Constitutional Convention, aimed at: scrapping the Presidential system, allowing a virtual dictatorship free of checks and balances from the Congress; removing the few remaining restrictions on foreign control of the Philippine economy; and (although not admitted publicly) allowing the re-establishment of U.S. military bases, as required by Cheney’s perpetual war doctrine.

## Hatred of Free Trade Sweeps Morales Into Bolivian Presidency

by Gretchen Small

Campaigning against the existing economic and political system, Evo Morales was elected President of Bolivia on Dec. 18 with the highest vote of any Presidential candidate in decades. With a majority of just under 54%, Morales was the first candidate to win in the first round of a Presidential election since 1982. He swept not only the poorer areas of Bolivia, but also won a significant middle class vote, including a surprising 30% in the wealthier region of Santa Cruz. His Movement Towards Socialism (MAS) party won only two of the country’s nine governor races, but it won a majority in the Chamber of Deputies, and is only two short of a majority in the 27-member Senate.

Morales has long claimed to speak for the coca growers, and campaigned internationally for the legalization of drugs. But Morales’s legalization campaign is of interest to a relatively small number of Bolivians (and a far more powerful group of foreign financiers). Instead, Morales’s vote reflected the overwhelming anger in the country at the free trade and privatization which have brought the country to the brink of disintegration. Bolivia is a land of great natural resources—e.g., it holds South America’s second largest natural gas deposits—but these resources, owned outright by foreign interests since the 1990s, have served only to pay the foreign debt and their foreign owners, while the living conditions of Bolivians, long among the poorest of Ibero-America, collapsed further.

Faced with a choice between candidates pushing more of the same, and the head of the coca-growers promising to re-nationalize and industrialize the nation’s hydrocarbons, the voters chose Evo Morales, the man promising national change.

It is an old story, that what a person champions as a candidate and then does as President, are not always the same. What Morales actually does, once sworn in as President on Jan. 22, will be shaped in great part

by the outcome of the historic political and social upheavals underway globally, centered in the battle to drive Dick Cheney and the Synarchists out of the U.S. government.

### A 'Soft' Target

That change cannot come too soon for Bolivia, which has been deliberately driven to the brink of division and civil war by those financier interests who view the weakened country, located at the heart of South America, as a "soft" target, whose destruction can be used to advance their drive to crush nation-states throughout the region. In June 2004, the Cheney crowd based at Washington's American Enterprise Institute (AEI), brazenly laid out a strategy to dismember Bolivia, by fomenting a separatist movement within the gas- and oil-rich eastern region led by the province of Santa Cruz, which would split it from the Andean highlands, whose economy these maniacs openly propose be based on the drug trade.

At the same time, the Cheney-Rumsfeld duo have been insisting since 2002 that the free trade-induced "ungovernability" of countries such as Bolivia requires South America's nations to form a supranational intervention force to "secure" the region for foreign looting. The loyal Rumsfeld hack running the U.S. Southern Command, Gen. Bantz Craddock, targetted Bolivia—and Evo Morales directly—in an off-the-record discussion at a Washington, D.C. defense institution in October 2005. Craddock spoke of the danger which social conflict and "weak democracies" represent for regional security—illustrating his point with a map of Bolivia. As he labeled Bolivia a "high-risk" country, he put up a picture of Morales, only to then assert that when countries face problems of this magnitude, the classical concept of sovereignty is no longer valid, and must be replaced by the concept of "cooperative sovereignty." His message was clear: The United States and/or other nations in the region will have to intervene to secure stability in Bolivia, because the Bolivians can't.

The strength of Morales's vote may stall the plans of these madmen for a time, but the danger remains live until they are removed from power, which would allow Bolivia to begin again to develop its country, and progress.

### Soros's 'Narco-Nationalist' Project

Morales is now faced with the choice of representing the interests of Bolivia, or those of the foreign financier sponsors who created him as a political figure, using him as a useful pawn in their drive to re-establish legal free trade in every narcotic on the face of the Earth: cocaine, heroin, you name it.

The irony is, that up until this point, the career of this supposed anti-imperialist firebrand representing the Indians and poor, owes his prominence to one of the world's most

filthy-rich billionaires, mega-speculator George Soros, the destroyer of entire nations and king of drug legalization internationally. In July 2003, in Carnegie Endowment's *Foreign Policy*, Soros's top drug strategist, Ethan Nadelman, proclaimed that the time had come for Ibero-America to lead a campaign to legalize international trade in coca (the basic ingredient in cocaine)—exactly what Morales, and now Venezuela's Hugo Chávez, too, present as some "indigenist" idea. Nadelman was explicit that Soros's coca trade scheme is merely the cutting edge of the "organized revolt" against any war on drugs which the drug profiteers are fomenting.

The fight is now on as to which forces will gain control over Morales, and the ferment unleashed by his election, nationally and in the region. Thus far, Morales is sticking with the Soros program. His press spokesman and head of protocol for his inaugural ceremonies is none other than the "South American Bureau Chief of the internet publication, *Narco News*, and long-time advisor to the Soros-funded and -advised Andean Council of Coca Leaf Producers (CAPHC), Alex Contreras Baspineiro. And on Dec. 28, Evo whipped up a meeting of 20,000 coca-growers in Cochabamba with a speech on how "we are winning the green fight; coca is beating the U.S. dollar."

Contreras's job as head of protocol is to organize a continental "popular" ceremony in La Paz following the official inauguration, to which the Synarchist financiers' leading Jacobin enragé movements of Ibero-America are invited: the *piqueteros* of Argentina, the Landless Movement (MST) of Brazil, Chavez's Bolivarian Circles of Venezuela, Mexico's Zapatista leader, Marcos, and the CONAIE and Pachakuti indigenous movements of Ecuador.

Meanwhile, Morales began his pre-inaugural international travels with a 24-hour visit to Cuba Dec. 30-31, where he was received with honors at the airport by Fidel Castro. Castro arranged his next visit, to Caracas, where he met Jan. 3 with Chávez. And by "extraordinary coincidence," as the ever-subtle Chávez put it, Ollanta Humala was present also. The latter is currently tied for first place in the polls for Peru's April 9 Presidential elections. Humala, also a supporter of drug legalization now portraying himself as a new Peruvian Chávez, represents an outright fascist threat to the continent. As *EIR* documented in its July 9, 2004 issue (see "The Friends of Blas Piñar Send the Andes Up in Flames"), Humala is a creation of a classic, 1930s-style Nazi-communist international Synarchist project, supported by the Spain-centered New Fascist International.

This is music to the ears of Cheney and Rumsfeld, and their drive for a supra-national military force to intervene in "unstable" Bolivia—for starters.

# Russian Proposal to Iran on Nuclear Reprocessing Is Workable

by Muriel Mirak-Weissbach

*Since the following reports were written, new developments around the accelerated attacks on Syria must be taken into account in assessing the implications of situation described by Muriel Mirak-Weissbach. The shattering calamities hitting the U.S. Bush-Cheney Administration, have brought the role of the United Kingdom's Blair government more prominently into focus. Shades of Sykes-Picot, the British Foreign Office, flanked by France, have assumed a controlling role in the regional developments of the Southwest Asia region.*

*Under these shifts in the overall strategic situation, we must take into account the core-controversy which erupted within Europe as a whole, as Britain's Thatcher and France's Mitterrand moved in 1990 to attempt to crush Germany, leading into the so-called Maastricht agreements and the present crushing of the economy of Germany under the Euro single-currency system. The recent trend toward increasing Russian cooperation with Germany, around natural-gas marketing, and the weakening of the U.S.A. influence globally by the growing disgrace of the Bush-Cheney government, see London now working to usurp control over Southwest Asia and related developments, more than slightly away from the U.S. Cheney Administration, bringing old patterns of conflicts left over from early Twentieth-Century Europe into the fore again.*

*Thus, as we go to press, these new trends which have surfaced during recent days must be taken into account, together with the implications of Ariel Sharon's misfortunes, in assessing the implications of what author Mirak-Weissbach reports.*

—Lyndon H. LaRouche, Jr.

Although 2006 was happily rung in as the “Year of Impeachment,” the chief candidate for expulsion from office, Vice President Dick Cheney, may try to make it a year of new wars. As Lyndon LaRouche cautioned, an extremely dangerous situation is being created in the Persian Gulf region, as Cheney and his cabal escalate their longstanding plans for an attack against Iran, as codified in the 1996 “Clean Break” doctrine for war, destabilization, and regime change in the region.

The mid-December trip by CIA Director Porter Goss to Ankara and Kiev, involved discussions about planned U.S. air assaults on Iranian nuclear sites. Goss had followed on the

heels of FBI Director Robert Mueller and Secretary of State Condoleezza Rice. Most importantly, Cheney himself made a “surprise” trip to Afghanistan and Iraq, but had to cancel visits to Saudi Arabia and Egypt, to fly back to Washington, D.C. to cast tie-breaking votes in the Senate. Immediately, Defense Secretary Donald Rumsfeld flew to the region, to pick up where Cheney had left off. Although precious little was published about the content of his discussions, regional sources told *EIR* that the top agenda item was Iran. In Kuwait, government circles have said in private, that they have been informed of a U.S. commitment to hit Iran, as “inevitable and imminent.” German political sources have confided that they have been transmitted a similar message.

The press drumbeat for an attack has also intensified. Among the daily barrage of stories, the most outspoken include a piece in the *Guardian* on Jan. 4, reporting on a new dossier which claims Iran is developing nuclear weapons. A 55-page report, dated July 1, 2005, and drawing on material from British, German, Belgian, and French intelligence agencies, says scientists from Iran have been shopping in Europe for equipment for nuclear weapons and ballistic missiles. The report has been used to brief governments and industries, warning them to be cautious regarding exports of sensitive equipment.

The neo-con *Washington Times* ran an editorial the same day, calling for a strike against Iran, before it develops a nuclear weapons capability, and outlined options for an Israeli or U.S. attack. Again, the same day, Prof. Raymond Tanter, a former member of President Reagan's National Security Council, told UPI editor Claude Salhani that, since military action against Tehran would not stop Iran from pursuing its nuclear weapons program, “regime change from within” should be pursued. “In order to achieve that, you need to empower and support regime change by supporting Iranian exiles and dissidents operating inside the country,” Tanter said. The professor, who is adjunct scholar at the Washington Institute for Near East Policy and co-chair of the Iran Policy Committee, a group lobbying for regime change, said that the Iran situation is now a “race of three clocks.” The first clock is the negotiations carried out with Iran by the Europeans; the second clock is Iran's efforts to develop the bomb; the third clock is regime change—but this clock has been stymied by

the Administration not recognizing Iranian exiles as freedom fighters, rather than terrorists.

These editorial threats and the *Guardian* dossier leak, came just as Tehran was announcing that it would resume its research on nuclear fuel, “in accordance with Iran’s safeguards agreement,” as it stated in a letter to the International Atomic Energy Agency. It asked the IAEA to “take necessary and timely preparation,” presumably regarding surveillance. State Department spokesman Sean McCormack warned Iran against taking such a step, saying “any further enrichment-related steps” taken would lead the “international community” to consider further measures against Iran.

## A Way Out

The Iranian nuclear program should be no cause for alarm: The country has signed the Nuclear Non-Proliferation Treaty (NPT), as well as an additional protocol accepting far-reaching inspections, and is a member of the IAEA. The entire political establishment in Iran is committed to the nuclear program, including mastery of the complete fuel cycle technology. This is what the neo-con lobby has seized upon, to argue that Iran could thereby develop weapons-grade uranium. That there is a faction within Iran which would desire such a capability, is not to be ruled out. But, given the current internal factionalization, there is no reason to call out the cavalry and mount an assault.

There is a rational way out, and it is officially on the table. This is the proposal to Iran by the Russian government, for joint uranium enrichment facilities on Russian territory. This would provide Iran the access to the technology and know-how, as well as nuclear fuel deliveries, while establishing guarantees to the “international community” that no weapons applications were in the offing.

LaRouche characterized the Russian proposal as a “workable plan,” which would constitute an acceptable interim remedy to the confrontation that Cheney et al. have been trying to orchestrate. Such an interim remedy would be important, given Cheney’s desire to blow up the region, and, LaRouche said, it is crucial to concentrate on the Russian role in this regard. There are, he added, people in Washington who want to destroy Russia, and who will try to oppose the plan on those grounds.

The Russian offer, as detailed by *Tehran Times* on Dec. 31, was officially presented to the Iranian Embassy in Moscow, and Javad Vaeedi, deputy of the Supreme National Security Council, stated: “Iran takes seriously new proposals and ideas aimed at finding a peaceful solution to its nuclear program, and can review them.”

The *Tehran Times* piece considered various factors in the proposal. First, that Iran has pursued a three-pronged strategy over the past years, on its nuclear program: cooperating with the IAEA, respecting the NPT, and refusing to “renounce its sovereignty and its international right to the peaceful use of



UN Photo

*The Fly in the Ointment: Iranian President Mahmoud Ahmadinejad has fed into the neo-cons’ war drive, with his insanely provocative remarks against Israel. Here, he is addressing the UN General Assembly on Sept. 17, 2005. During the speech, he later claimed, world leaders were mesmerized as a halo of light enveloped him.*

nuclear energy.” The European Union proposal of Aug. 5, it said, was a violation of international law.

Now, the paper continued, “although the plan ‘to establish a Russian-Iranian uranium enrichment facility on Russian soil’ is not quite logical and should have at least stated ‘on both Iranian and Russian territories,’ it seems that, from the viewpoint of Iran, this ‘unclear proposal on paper,’ could turn into a ‘viable agreement’ that would satisfy both sides.” Iran sees a possible agreement, “if there is a way to guarantee that neither side will divert activities towards a nuclear weapons program and [both] will remain committed to the NPT and if Iran’s obvious right to develop its indigenous nuclear technology for peaceful purposes . . . is recognized.”

The editorial listed the positive aspects of Russia’s proposal: Russia has constructed Iran’s nuclear plant at Bushehr, whereas France and Germany reneged; Russia acknowledges Iran’s right to the technology; Russia is not acting politically on the matter and is the only UN Security Council member Iran can trust.

Finally, the paper stated that if Russia delivers on this, it can enhance its international position. It must honor its agreements, i.e., start up Bushehr; the proposal should “guarantee nuclear development and research, technology transfer, and peaceful cooperation in a greatly expanded framework.” Decisive in the proposal is the “level of Iran’s participation and . . . Iran’s share of technical, financial, and proprietary aspects in the proposal.” Russia should not “mix up” its nuclear talks with the Iran/IAEA relations.

The Iranians have not yet said yes or no. On Jan. 2, Ali Larijani, head of the Supreme National Security Council told the news agency IRIB that Iran “welcomes all projects and proposals on nuclear cooperation from other states and is ready to conduct joint studies in detail.” He added, however, that “Iranians will rely on their own national resources and potential to materialize their goals in the nuclear field,” implying Iran would insist on the right also to enrich uranium on its own territory. Contrary to news reports interpreting this as a refusal, Iranian sources confirmed to *EIR* that the two sides were working on changes in the proposal, to reach agreement. Iran demands *acknowledgement* of its right to the technology. These sources cited statements by Javad Vaeedi, the head of the Iranian nuclear negotiating team, who said: “Iran can study the economic, technical, and scientific aspects of Moscow’s new proposal, according to which Russia would supply the nuclear fuel required by the Bushehr nuclear power plant for an entire year and Iran would transfer the nuclear fuel waste to Russia.” Speaking to the Iranian Students News Agency (ISNA), he said: “Obviously, the extent of Iran’s participation in the project is a serious factor.”

On Jan. 7, a Russian delegation was scheduled to visit Iran, to officially present the proposal to the government. The head of the Russian atomic energy agency (Rosatom), Sergei Kirienko, will visit Iran in February. He will “visit the reactor at Bushehr . . . and will also hold talks with the directors of the Iranian nuclear program,” said a spokesman for Rosatom. The reactor is to start functioning in 2006.

## The Fly in the Ointment

A workable solution exists, but will it be seized upon?

Iran’s new President, Mahmoud Ahmadinejad, has adopted a radical stance against “the West,” and has taken to spewing anti-Israeli rhetoric, which has provoked an international backlash, further fuelling the neo-con drive for confrontation. Ahmadinejad first issued statements on Oct. 26, 2005, in an interview to *al-Alam* during the summit of the Organization of Islamic Conference (OIC) in Mecca, to the effect that, if Jews had been annihilated in Europe, by the Germans and Austrians, then those two countries should make available “two or any number of [their] provinces to the Zionist regime so they can create a country there.” Israel, he said, should be removed from the map. Further speeches reiterated the theme, calling into question the veracity of the Holocaust, and denying Israel the right to exist.

LaRouche warned that such provocative statements would almost insure that any U.S. air attack on Iran would prompt Iranian retaliatory strikes against Israel, engulfing the entire region in a potential nuclear-edged confrontation.

Why is the Iranian President acting in such a manner as to appear to be falling into a trap laid by the neo-cons who seek war? Not only abroad, but in Iran itself, political figures are posing this question.

Ahmadinejad was elected with a large mandate, in a run-



Digital Globe

*A gas centrifuge uranium enrichment plant at Natanz, Iran. Iran justifiably insists upon its right to the full nuclear fuel cycle. Will the government be open to the Russian offer of cooperation?*

off election against former President Hashemi Rafsanjani, on the basis of his campaign pledges to end corruption, and, especially, to improve the economic and social status of the population, especially the large, unemployed youth population. His credibility rested on his experience as Tehran mayor, during which he promoted social housing and road construction.

Once in office, he enjoyed the enviable position of a head of government, with all leading institutions—the Majlis (parliament), Guardians Council, and Judiciary—dominated by his conservative allies. Plus, he had the explicit backing of the Supreme Leader of the Islamic Revolution, Ayatollah Khamenei, who, as his title indicates, is the ultimate authority for policymaking in Iran.

Among the President’s base of support which swept him to victory, are also the Revolutionary Guards and the Basiji paramilitary militias. Both were born in the 1979 Islamic Revolution and have remained fixed to that paradigm. Ahmadinejad has demonstrated his reliance on these layers, in having assimilated a number of Revolutionary Guard figures into his government, including in sensitive departments involved with public law and order, in the Interior Ministry. In addition, he decided to overhaul the diplomatic corps, by replacing 40 top diplomats, including ambassadors, in key posts like Paris, London, Berlin, and Vienna, with his people.

The election victory of Ahmadinejad did split the country. Leaders of the reform movement initially cried foul, accusing the winning side of vote rigging. But the results were ulti-

mately accepted, also in view of the fact that the conservatives had no effective opposition in any of the nation's leading bodies.

However, Ahmadinejad soon had to face the fact that the nominal monopoly of the conservatives over political life, did not necessarily translate into a *carte blanche* for his policies and actions. To cite only one example: Ahmadinejad had to go through *four* nominees before he could get parliamentary confirmation for an Oil Minister. His first three nominees were rejected, on grounds that they were incompetent, inexperienced, and political cronies.

Further problems arose, as soon as the new President began to spout his anti-Israeli tirades. Seyyed Mohammed Khatami, who ruled for two terms until 2005, openly denounced Ahmadinejad's statements, as did Rafsanjani, who had served as President for two terms before Khatami.

Rafsanjani also openly attacked Ahmadinejad at a meeting of Muslim clerics on Nov. 15, 2005, for his personnel policy—of naming incompetent hardliner allies to important posts, and for the spiralling economic crisis.

Discontent with the new President's style was manifest in reports inside Iran, that some parliamentarians were discussing impeachment procedures, which the Constitution does foresee. Discontent became visible and vocal enough for the Supreme Leader Khamenei to intervene, more than once, pleading for support to the new President: "Give him more time," was the gist of the message.

However, it was also reported that Khamenei was getting worried enough about the new President's *faux pas* and inexperience, that he enhanced the power of the Expediency Council, headed by Rafsanjani, to supervise the work of the government bodies.

Given this factional ferment inside the country, within the broader context of the international pressures and threats against Iran, Ahmadinejad lurched into a flight forward. His anti-Israeli outbursts were apparently crafted in an attempt to mobilize support within Iran, especially from within the ranks of the 1979 militants, the Revolutionary Guards and Basiji, to whom such rhetoric is music to the ear. In addition, as indicated by the fact that his first such speech was delivered in the holy city of Mecca, on the sidelines of an OIC conference, he was appealing to the Islamic world more broadly, for support in a renewed campaign against Israel. This thrust has since been substantiated in a number of statements and foreign policy initiatives affirming Iran's intention to re-engage in the Palestinian issue.

There is a further dimension to the Ahmadinejad project which one might call messianic. One of Ahmadinejad's first trips as President was to Jamkaran, near the holy city of Qom, where there is a mosque of the same name, associated with the figure of the 12th Imam, or Mahdi. Imam Abul Qassem Mohammad, according to legend, disappeared or entered "occultation," from the city of Samarra, in today's Iraq. Many Shi'ites believe that the Mahdi will return one day, to rule and

establish justice on Earth. A messianic group which grew up around this figure, called the Hojjatiyeh (after Hojjat, or "proof," a name for the Mahdi) was active in the underground under the Shah, and was banned by the late Ayatollah Khomeini.

Now, Ahmadinejad has revived the tradition, allocating \$17 million for the Jamkaran mosque. Among his campaign supporters were many mosque-based religious groups that orient to the Mahdi.

During a visit to Qom, according to the Dec. 4 German daily *Frankfurter Allgemeine Zeitung*, Ahmadinejad told theologian Ayatollah Javadi Amoli that he had been graced with a halo of light, during his address to the UN General Assembly. According to the German newspaper, he said: "As I began my speech in the name of God, light came and enveloped me. I learned this from a participant of the session of the UN. I also felt it. During the 27 minutes of my speech, the world leaders were frozen. No one blinked an eyelash. An invisible hand held them as if nailed to their chairs, and opened their ears and eyes, in order to receive the words of the Islamic Republic." Ahmadinejad had in fact mentioned the coming of the Mahdi in his speech.

These utterings also gave rise to serious criticism in Iran, especially from among reformers associated with Khatami, but also among the mainstream clerical establishment. One cleric, a former Vice President under the reform government, Mohammad-Ali Abtahi, summed up the paradox of the new President in the following way: "Mr. Ahmadinejad's project must fail. He is caught in the paradox of those who understand religious mystery in a physical [literal] way. Of course, we must pray for the return of the Imam, but [in government] we must also tackle inflation and unemployment." Indeed: Were the President to deliver on his electoral promises, of investments and productive jobs, he would mobilize the entire population behind him.

The extremely intricate factional processes unfolding inside Iran define a task which only Iranian political figures and groups can or should tackle. In doing so, it is hoped that they will appreciate the extremely delicate position their nation and government are in. Sources from allied government circles in the region, as well as in western Europe, have told *EIR* that their message to the Iranians has been to be vigilant, and exercise the utmost caution, knowing the nature of the beasts currently occupying the White House. These sources have indicated their view that adopting militant rhetoric, in an attempt to play to the masses, will only exacerbate tensions.

If, as is the case, Iran has international law on its side in the nuclear dispute, and a powerful ally, Russia, in seeking a solution, it should pursue a rational solution to the nuclear issue, to pull the rug out from under the neo-cons' feet. Meanwhile, forces associated with LaRouche in the United States will accelerate the momentum toward removing the source of the problem from the halls of government.

# Regime-Change Threat On Horizon in Syria

by Muriel Mirak-Weissbach

It's official: A coup against the Syrian government of Bashar al-Assad is in the works.

None other than would-be *golpista* (coup maker), former Syrian Vice President Abdel Halim Khaddam, made the announcement in an interview to the Saudi daily *al-Sharq al Awsat* on Jan. 6. Speaking from his residence in Paris, Khaddam said he was organizing the Syrian opposition to "create the right atmosphere for the Syrian people to topple the regime." He added: "This regime cannot be reformed, so there is nothing left but to oust it. The Syrian people will be the ones to oust it." Khaddam claimed that he had no contact with outside forces, and was merely acting in the interests of his beloved country.

A week earlier, Khaddam had made headlines when he told *al-Arabiyya* television, that al-Assad had threatened former Lebanese Prime Minister Rafiq Hariri during a Beirut meeting. "I will destroy anyone who tries to hinder our decisions," he quoted al-Assad as having said. Khaddam also implicated Rustom Ghazaleh, the chief of Syrian military intelligence and long-term official in Lebanon, saying that he too had threatened Hariri.

Khaddam claimed that he had urged al-Assad to discipline Ghazaleh, but that instead, the President promoted Ghazaleh. In effect, Khaddam was providing more "evidence" to fill out the UN-commissioned Mehlis Report on the assassination, which targetted the Syrian government.

This announcement is only the most recent in a series of dramatic events that have become almost commonplace in Syria, since the neo-con cabal, led by Vice President Dick Cheney, started its drive to destabilize the Damascus government, on the heels of the March 2005 assassination of Rafiq Hariri. Hariri's murder had been laid at the doorstep of Syria, and, in the course of a UN-commissioned probe led by Detlef Mehlis, one report after another came out, again insisting that Syria was to blame—all without any proof, as *EIR* reported on Dec. 9, 2005.

The fact that Khaddam has surfaced now as an accuser and *golpista* in this extraordinary fashion, should not be surprising: Cheney et al. have their backs against the wall in the United States, and are desperate to launch a foreign policy adventure as a way of regaining control—be it against Syria or Iran.

## Khaddam's Trio

"Why?" is the question raised not only in Syria and Lebanon, but throughout the Arab world. Why would a man of Khaddam's experience and stature suddenly turn against al-Assad? Khaddam supported Hafez al-Assad's rise to power in 1970, became Deputy Prime Minister in 1974, and was put in charge of relations with Lebanon and Iran. Then, in 1984, he became Vice President, before taking over foreign affairs. In 2000, he assisted Bashar al-Assad in assuming the Presidency, after the death of al-Assad's father. Then, after having faded a bit into the background, Khaddam left the Ba'ath Party last June and went to France, allegedly because he lamented the lack of "reforms" in the party, a curious charge coming from someone who characterized reforms as "serving the plans of foreigners and Israel."

To gain insight into the Khaddam affair, one has to look at Khaddam's connections in Lebanon, and in France. According to reliable Lebanese sources, as well as area press reports, Khaddam was a member of the "trio" which de facto ran Lebanon over the past decades. Other members of the trio were Ghazi Kanaan and the Syrian Army Chief of Staff, Hekmat Shehabi. Kanaan was a former Syrian Interior Minister who was in charge of Syrian intelligence in Lebanon for decades. Kanaan had testified to the Mehlis commission about his close relations with Hariri, including his having received substantial funds from the Lebanese magnate. After this was reported on Lebanese television network, NTV, Kanaan committed suicide on Oct. 12, 2005.

The three men ran Lebanon, and all had close relationships with Hariri, who might be considered the fourth member of a quartet. Therefore, whatever Gazaleh or al-Assad may have been accused of doing in Lebanon, these figures were equally involved.

Khaddam's relations with Hariri and his three sons were close. As a business partner of Rafiq Hariri, he helped him rise to power. Khaddam's dealings with the sons involved the mobile telephone business, as well as airlines. Any business that went on in Lebanon, went through this trio, one source said.

According to Lebanese sources, the trio, with the financial backing of Hariri, was planning to overthrow the Assad regime. At the time of Kanaan's suicide, in fact, rumors of his involvement in coup plans had circulated. As for Chief of Staff Shehabi: He reportedly left Syria in August 2005, and now lives in Paris, also, according to one source, and regularly visits the United States.

## The French Connection

Lyndon LaRouche pointed to the French connection as key, and linked it to the role of certain Saudi circles. Both French President Chirac and certain Saudi circles had been closely associated with Hariri. The television network and the daily newspaper which interviewed Khaddam, on his accusations against the Syrian government and his announced coup



ambitions, are both Saudi-controlled. Khaddam, according to Lebanese sources, has a strong French connection, and, as French intelligence has good relations with the Israeli Mossad, so does Khaddam. According to Israeli press reports, six months ago, Khaddam had several meetings with Israeli Mossad officials.

When Khaddam first surfaced with his accusations against al-Assad, the working hypothesis was that this nexus could be involved in plans for regime change in Damascus. Khaddam's turn against al-Assad was seen as the signal for other forces inside France or abroad, that such a move—long on the drawing boards of the neo-cons, in the infamous "Clean Break" doctrine of 1996 (which planned to do away with the Oslo peace accords)—was about to enter the operational stage.

There is also a sectarian aspect to the affair, which is foreboding: Khaddam, like Hariri, is a Sunni. It may be that the French (and the Saudis) are seeking to strengthen the hand of the Sunnis regionally, as a countermove to the emergence of a strong Shi'ite presence in Iraq, Lebanon, and, of course, Iran. This would cohere with U.S. neo-con operations in Iraq, mediated by U.S. Ambassador Khalilzad, to negotiate for a Sunni presence in the next Iraqi government.

Now Khaddam has openly admitted his coup ambitions. But this will not be a cakewalk. As Syrian ambassador to Germany, Dr. Hussein Omran told *EIR*, Khaddam is considered a traitor, not only by the Ba'ath Party and the parliament, which has accused him of high treason and has confiscated his assets; he also is hated by the population. Anyone who works with foreigners—especially the U.S. neo-cons—Omran explained, is clearly not working in Syria's interests. Omran expressed his view that Syria, like a well-built ship riding on tumultuous seas—the tumult having been created by external forces—would see many people jump ship, in hopes of saving their skins; however, they would end up either drowned or eaten by sharks, while the ship would return to harbor safely.

Other regional experts see the danger of a coup attempt as leading to catastrophic developments. In their view, if any violent operation were mounted, then instead of regime change, anarchy and chaos would ensue, with a bloody settling of accounts among rival ethnic and political groups. Ambassador Omran spoke of "programmed chaos," or what the other side calls "constructive chaos."

### Can It Be Stopped?

After Khaddam's Dec. 30 interview, in which he first accused al-Assad of complicity in the Hariri murder, the UN investigating commission officially requested permission to question al-Assad, Khaddam, and Foreign Minister Farouk al-Shara'a. No response has been issued as of this writing. As for Ghazaleh, also implicated by Khaddam, he announced on Jan. 4 that, though he was innocent (and had already been questioned by the commission), he

would resign or "die as a martyr" if his leadership asked him to do so.

The pressure on the Syrian government is reaching intolerable heights. U.S. Ambassador to the UN John Bolton has added fuel to the fire, by charging Syria with "obstructing the investigation, of tampering with the evidence, and not making witnesses available in a timely fashion."

How, in this situation, can a tragedy be averted?

An important regional effort has been mounted by Egypt and Saudi Arabia at this juncture. An extraordinary meeting took place in Jeddah on Jan. 4, between President Hosni Mubarak and his Foreign Minister, and King Abdallah, accompanied by Crown Prince Sultan bin Abdel-Aziz, Interior Minister Prince Nayaf bin Abdel-Aziz, and Foreign Minister Prince Saud al-Faisal. No press conference was held, and no statements were made to the press, but a diplomat reported they had decided to send a high-level Saudi envoy to Damascus, to calm down relations between Damascus and the UN.

The presumed mission of the envoy would be to attempt to convince President al-Assad to meet the demands of the UN commission. The specter of a foreign-orchestrated coup on the horizon, would be used as an instrument of persuasion. According to the Saudi paper *al-Hayat* on Jan. 6, Mubarak and Abdallah want Assad to purge his government of all elements tainted by the Hariri murder.

The paradox raised at this point relates to the role of the Saudis: If Saudi circles have been supporting the Hariri faction in Lebanon, and the anti-Syrian opposition groups—including Khaddam—why should Riyadh try to negotiate a diplomatic solution to the crisis in Damascus? Regional experts explain that both Saudi Arabia and Egypt are under a Damocles sword, held by the U.S. neo-cons, who have targetted both nations in their crusade for "democratization" of the Arab world. Thus, both Cairo and Riyadh have an interest in preventing violent coups against Arab governments. Furthermore, although some Saudi circles may be involved in the *golpista* trio, King Abdallah is related by marriage to the al-Assad family, and, as a pan-Arabist, is opposed to such external interventions.

The Saudi-Egyptian initiative, flanked by talks between Mubarak and French President Chirac in Paris on Jan. 6, could ease the pressure. But the definite defeat of the coup plan will come only when the coup masters in Washington, Cheney and Company, are removed from the scene.

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## Has Chen Shui-bian Finally Gone Too Far?

by Leni Rubinstein

Under a huge portrait of Dr. Sun Yat-sen, the founder of China's first republic, Taiwan's President Chen Shui-bian on Jan. 1 gave a televised speech, which silenced weeks of speculation that he might try to improve relations across the Taiwan Strait.

Chen reversed his economic and trade policies vis-à-vis mainland China, saying that liberalization should not have been given so much emphasis. He called for less interchange with the mainland, and for discouraging Taiwanese entrepreneurs, if not "proactively" prohibiting them, from investing in China; urged a united effort to purchase more weapons and equipment from the United States; and called for "re-engineering" the Constitution by 2008.

Just a week earlier, on Dec. 23, Prime Minister Frank Hsieh—no. 2 in Chen's government—had said just the opposite, in a major statement: "In order for Taiwan to become an international operations hub, liberalization is surely the path, that the island must take. I will never change such a conviction, for whatever reason. . . ." Hsieh outlined that the National Security Council was going to adopt more sound strategies concerning charter flights across the Taiwan Strait, as well as reviewing its immigration policy. Hsieh stated that more Chinese mainlanders should be allowed to make tourist visits to Taiwan, and that the government had agreed, in principle, to lift the ceiling on investment in mainland China by local enterprises, which is now set at 40% of their net worth.

Hsieh further explained, that negotiations with Chinese authorities on the establishment of branch offices in the mainland by Taiwan-based banks, were under way, and that both sides of the Strait had reached the consensus that a settlement system for the currencies of Taiwan and mainland China should be established, as soon as possible. Hsieh reiterated his support for the establishment of the three direct links: direct trade, transportation, and postal services (currently, all three services are routed via a third country or territory).

Local observers tell *EIR*, that the recent policy reversal of Chen Shui-bian is due to his political bankruptcy. He is a "lame duck," who is trying to rally his base through a renewed push for independence. An underlying theme in Chen's message is "one country on each side," which is an outgrowth of former President Lee Teng-hui's "two-country" doctrine. Lee



Library of Congress

*Try as he might, President Chen Shui-bian cannot eradicate the spirit of Sun Yat-sen (shown here), founder of the Chinese Republic, which is shared by patriots on the mainland and Taiwan.*

Teng-hui (dubbed the "Puppet Emperor" some years ago by Lyndon LaRouche, for the role he plays as a tool for neo-colonial forces) was instrumental in souring the relationship across the Strait. Thirteen years ago, an agreement was reached between C.F. Koo (representing Taiwan) and Wang Daohan (representing mainland China), the so-called "consensus of 1992." Under this unsigned agreement, Taipei and Beijing acknowledge that there is only one China, whose connotation, however, can be independently and orally defined. This agreement enabled Koo and Wang to meet in Singapore in 1993 and in Shanghai in 1998. In 1999, Lee Teng-hui proclaimed his "two-country" doctrine, destroying the dialogue across the Strait, and paving the way for the pro-independence Chen Shui-bian to be elected President in 2000.

Since beginning his second term as President in 2004 (a very dubious election, during which Chen was superficially wounded by a gunshot on the eve of the election, and won with only 20,000 votes), Chen's star has been falling. In the elections the following year for the Legislative Yuan (the parliament), the Democratic Progressive Party (DPP), Chen's party, lost their majority to the Pan-Blue Alliance (the Kuomintang [KMT], People First Party [PFP], and the New Party [NP]), a defeat to be intensified at elections for city and county posts on Dec. 3, in which the DPP won only 6 out of 23 local government seats, down from 9, and less than half the 14 seats won by the KMT. Two local seats (so-called DPP strongholds) were won by the KMT for the first time, and the county of Taipei, Taiwan's most populous, was won by the KMT, after 16 years of DPP rule, by a wide margin of over 190,000 votes.

Ever since taking office in 2000, Chen Shui-bian has talked about the necessity for creating a new Constitution, to

build a "Taiwanese identity," and has tried to distance the population from anything "Chinese," launching a process of "de-sinification." Several years ago, he proclaimed that Taiwan had no official language, telling elected officials they could use whatever dialect they preferred. History books have been re-written, to exclude the common history of mainland China and Taiwan, and to whitewash the period of Japan's occupation of Taiwan. The commemoration of Constitutional Day has been cancelled, and the birthday of the "Solon of Asia," Confucius, which used to be a holiday, has been eliminated, to give a few examples.

Most observers see the recent smashing electoral defeat of the DPP as a "no-confidence" vote. A poll gave Chen an approval rating of 25%, and showed that 64% were dissatisfied with the economy. A number of major corruption scandals, involving top aides to Chen Shui-bian, are ongoing, and continuing infighting among different factions of the DPP have made a majority of the population fed up.

### Repercussions of the KMT's Historical Trip

The most determining factor for the changing situation, however, is a change of profound historical and cultural significance, ignited by the historical trip of the KMT's former chairman, Lien Chan, to mainland China in April 2005, the first KMT leader to visit the mainland in 65 years, to be followed by similar trips of the leader of PFP, James Soong, and the leader of the New Party, Yu Mu-ming—the three leaders of the Pan-Blue opposition (see *EIR*, April 15 and May 13, 2005).

These trips (of which the first was undoubtedly the most important), created optimism, through breaking the paranoia and smallness of "island policy" and, on a deeper level, re-igniting the legacy of the founder of modern China, and of the KMT, Dr. Sun Yat-sen, and opening up new channels, both formal and informal, for collaboration between the Chinese Communist Party and the parties of the Pan-Blue Alliance. The trips revealed that Chen's efforts at "de-sinification" had failed. Lee Teng-hui lashed out against both Lien Chan and James Soong at the end of December 2005, saying that the KMT "is conspiring with the Chinese Communists to get Taiwan back to their fold. The KMT is collaborating with China to sell out Taiwan. . . . Both of them [Lien and Soong], with their Chinese nationalism, are trying to cheat the young people, and they want to do so until 2008."

The president of Beijing University, Xu Zhihong, announced recently, that the university wants to make Lien Chan, now honorary chairman of the KMT after resigning last August, professor emeritus, and will present him with the honor at the appropriate time. And, a suitable pair of pandas from the mainland, a male and a female (one of the gifts offered on the trip in April) has been found, and will soon be shipped to Taiwan. Both developments are of important symbolic significance.

### Fallout From the Election Defeat

The December defeat of Chen Shui-bian's party, the DPP, in local elections, led a number of local DPP leaders to ask him to resign from the party. His newly stated policy of wanting to limit investment in mainland China, if implemented, would have very grave economic consequences for Taiwan. Over 70% of Taiwan's foreign investment last year went to China, a doubling in percentage from 2000, and this has made Taiwan's economy more and more dependent upon that of the mainland. For months, leading businessmen in Taiwan have criticized the Chen government for failing to lift the 57-year-old ban on direct air and shipping links with China.

The current chairman of the KMT, Taipei Mayor Ma Ying-jeou, recently stated that he is determined to push for direct transportation links across the Taiwan Strait, to improve the island's international competitiveness, as well as the business environment for international investors. Taiwan is becoming rapidly marginalized, said Ma, citing Kaohsiung harbor as an example. This international harbor, in the southern part of Taiwan, has dropped to sixth place, and is steadily slipping to the seventh spot from its previous third place.

Chen's call for a new Constitution sounds hollow, as he has no majority in the Legislative Yuan, and the implementation of a new Constitution needs a two-thirds majority. And, the demand for more purchases of weapons and equipment from the United States? President Bush okayed an \$18 billion weapons package to be purchased by Taiwan in 2001. Although the package has already been reduced, in several stages, to \$9 billion, the Pan-Blue opposition has voted against it 42 times, the last being in December 2005.

The image that comes to mind, regarding the above-mentioned silly speech by Chen Shui-bian, with the backdrop of a huge portrait of Dr. Sun Yat-sen, is that of a barking dog. "Barking dogs do not bite."

However, until the Cheneyacs in the United States are thoroughly routed, and the power of their puppets in Japan curtailed, peace across the Taiwan Strait is not guaranteed. Tokyo and Washington agreed in October 2005 to build a joint missile defense system, that is to stretch from Japan to Australia. The project is expected to be spread over nine years, beginning in Fiscal 2006, and Japan will shoulder a third to a half of the estimated cost of \$3 billion. The "missile shield" is ostensibly to protect against nuclear missiles from North Korea, and the U.S. Navy has been patrolling the Sea of Japan since 2004, on the look-out for such projectiles. The actual target, though, is mainland China, and the current Japanese government has continued to issue provocative statements, the latest coming from the Foreign Minister of Japan, Taro Aso, when he publicly stated in mid-December, that China's military build-up was a threat, given its lack of transparency.

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# International Intelligence

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## ***N. Korea: U.S. Driving Situation to Brink of War***

"If we did not equip ourselves with nuclear weapons, the United States would have launched a pre-emptive nuclear strike against us and made our country like Iraq," wrote *Rodong Sinmun*, the organ of the (North) Korean Workers Party, on Dec. 31 in a commentary published by the official Korean Central News Agency (KCNA).

Thus, it said, the North is now unable to implement the six-party accord of September 2005, or to attend the talks, so the dispute will not be settled, as long as "the U.S. continues pursuing its hostile policy to stifle the D.P.R.K. as it did this year. The U.S. has driven the situation to the brink of war, while intensifying military moves," it said, referring to the imposition of financial sanctions on Pyongyang in October. The commentary reaffirmed the North's position that it will not abandon its nuclear program until it is provided with economic incentives that include nuclear power plants.

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## ***LaRouche Given Award In Buenos Aires***

The Russian-Ukrainian-Belarusian Chamber of Commerce for South America (CCRUBAS) awarded *EIR* founder Lyndon LaRouche its "International Achievement Award" at a Dec. 29 ceremony in Buenos Aires.

LaRouche Youth Movement member Diego Bogomolny accepted the award on LaRouche's behalf, and briefly spoke about LaRouche's crucial role as a statesman, his efforts to create a New Bretton Woods system, and particularly his leadership in the United States to restore sanity to its policy-making.

The CCRUBAS works with like-minded organizations such as the Argentine-Chinese Center for Economic and Cultural Exchange (CIECAC) and the Mercosur Forum, to promote international trade and po-

litical relations with Eurasia. It is very enthusiastic about LaRouche's Eurasian Land-Bridge proposal. Its online publication *Eurasia* has frequently published *EIR* articles and LaRouche's writings.

Although there were many recipients of awards in a variety of categories, there was only a small number in the "International Achievement" category, of which LaRouche was the only American.

CCRUBAS director Ricardo Pavan described LaRouche as an "economist who has controversial ideas, but this is a controversy located in the framework of the search for peace."

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## ***Gladio Link to 9/11 Probed***

"Does Gladio Explain 9/11?" is the title of an analysis on [dedefensa.org](http://dedefensa.org), published Dec. 27, accompanied by *EIR*'s interview with author Dr. Daniele Ganser last April 8. The Liège, Belgium-based website specializes in defense and security affairs, and expresses respect for LaRouche and *EIR*, distancing itself from commonly circulated slanders against them.

Gladio is the name of a NATO-controlled post-war "stay behind" network of agents provocateurs based in Europe, exposed by *EIR* last year.

The article focusses on Ganser, the Swiss researcher and author of the book *NATO's Secret Armies: Operation Gladio and Terrorism in Western Europe*. Reporting on Ganser's difficulties in researching such a hot topic as Gladio, the report draws a parallel between the secrecy of these networks working behind the backs of elected governments, and the current scandal over the CIA planes flying prisoners to "black sites" for torture.

When the focus shifts to 9/11, Ganser examines two alternative hypotheses to the official "surprise theory." These are the "Let it happen on purpose" (LIHOP) theory and the *inside job* theory.

The analysis concludes: "Finally . . . some words about *EIR* which publishes the

interview. This weekly is part of the group of Lyndon LaRouche, a personality officially completely discredited, and regularly treated as a fascist or a madman, accordingly.

"First remark: This is not the first time we acknowledge the quality of *EIR*'s work, whatever the reality of LaRouche's personality.

"Second remark: If the judgment about LaRouche is of the same quality as that expressed about the dissident opinions about the 9/11 attack, then, in light of what has been said above, there is much to think about."

The former Socialist mayor of Liège, Andre Cools, was assassinated in July 1991 by mafia cut-outs, when he may well have gotten wind of these secret NATO networks. This may have something to do with the website's interest in Gladio.

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## ***India and China Pledge Greater Development Ties***

Indian Prime Minister Manmohan Singh, in his New Year's message to Chinese Prime Minister Wen Jiabao, said the fast-developing ties between India and China are a strong determinant for the peace and security, as well as development and prosperity, of Asia and the world.

"We are confident that in the New Year, we will be able to continue, with greater determination, to impart further depth and substance to our rapidly growing ties, and add an important new chapter to India-China friendship," he said.

Indian President A.P.J. Abdul Kalam, in his message to Chinese President Hu Jintao said, "today, the footprints of India and China are increasingly visible and have made an impact on the global landscape in diverse areas." Chinese President Hu Jintao said, "China is ready to work with India . . . to continuously deepen the contents of our bilateral relations and push further the China-India Strategic and Co-operative Partnership in an all-round and in-depth way."

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## Book Review

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# Revive the Legacy of Russia's Sergei Witte

by William Jones

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### Count Sergei Witte and the Twilight of Imperial Russia

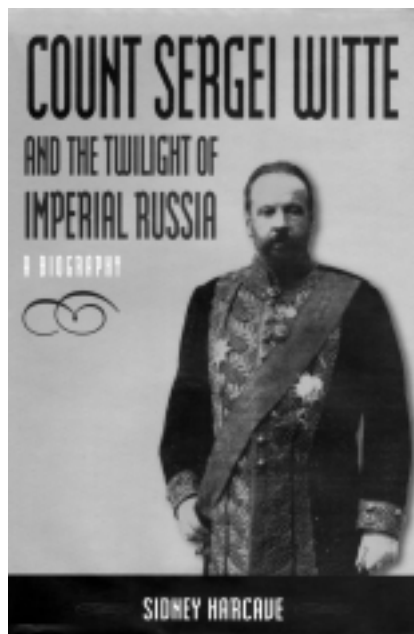
by Sidney Harcave  
Armonk, N.Y.: M.E. Sharpe, 2004  
328 pages, hardbound, \$59.95

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This biography of the last great political figure of late Tsarist Russia, Count Sergei Witte, is a very timely publication. Apart from the 1969 monograph by Theodore von Laue, "Sergei Witte and the Industrialization of Russia," the Harcave work is one of the few extant biographies in English of this remarkable individual. Harcave, a professor emeritus of history at the State University of New York at Binghamton, is well qualified to deal with his subject, having published in 1990 a comprehensive edition of Witte's memoirs, which he translated into English, based on two, sometimes differing, accounts left by Witte in his archives, now located at Columbia University.

In spite of the fact that the onset of World War I and the demise of Tsarist Russia put an end to Witte's grand design for industrial development of Russia, the groundwork that he laid provided the basis for the industrialization program launched during the Soviet period. While Witte had been the chief opponent of the Bolsheviks during the 1905 Revolution, his achievements were, as Harcave indicates, never completely forgotten during Soviet times.

Now, with the demise of the Soviet Union and the establishment of the Russian Federation, there has been a revival of interest in the work of Witte, nurtured in particular by the Russian friends of Lyndon LaRouche, who has so often referred to the great Russian statesman and economist in his own prolific writings. An excellent Russian study of Witte's diplomatic activity, *S.J. Witte: Diplomat*, published in 1989, at the end of the Soviet era, by A.V. Ignatiev, was utilized by Harcave in his biography. In 1994, a three-volume edition of Witte's *Memoirs* was issued in Russia. Then in 1999, the Institute of Economics of the Russian Academy of Sciences published a two-volume study of Witte's political and eco-



Count Witte, Russia's great industrializer, operated in the tradition of America's Henry Carey and Germany's Friedrich List.

nomic thought, on the 150th anniversary of Witte's birth. In 2000, N.V. Raskov published *The Political-Economic System of S.Iu. Witte and Contemporary Russia*, which was "intended for instructors, students, and postgraduate students of macro-economics and management."

### Who Was Witte?

Born in Tiflis, Georgia, in 1849, the son of a civil servant, Witte studied mathematics at Novorossisk University in Odessa. He entered government service, however, by joining the relatively new field of railroading, encouraged by relatives who considered an academic career somewhat "déclassé." During his early years, he flirted with the Slavophile philosophy then popular among some of his family circle. Witte used his mathematical training effectively in his new job, designing one of the first systems of railroad tariffs for Russia. Moving from Odessa to Kiev and then to St. Petersburg, Witte took part in the planning work of the Baranov Commission, which was tasked with building a railroad through Siberia to the Pacific. Although only holding a junior post in the railroad service, when learning that Tsar Alexander III would be travelling by rail and seeing his schedule, Witte warned of the dangers of travelling above certain speeds with the given quality of track on the lines. Although his advice was ignored by his superiors, it received a belated, but significant, recognition when the Tsar was involved in an accident on one of the lines. When he learned of Witte's warnings, Alexander quickly took him under his wing, recognizing the far-sightedness of this young civil servant.

Alexander III was a staunch autocrat; the son of the slain Tsar-Liberator Alexander II, he was determined never to give rein to the liberal impulses which he felt had led to the death

of his father. Nevertheless, a monarch ruling in this new Age of Steam, he realized the need for the rapid industrialization of the backward Russian economy. As long as Alexander was on the throne, the Witte program was given solid support.

Witte rose quickly in the Tsarist service—some of his detractors, Harcave notes, labeling him “Monsieur Vite” (Mr. Speedy), referring facetiously to the legendary slowness of Russian trains, as well as to the rapidity of Witte’s rise. He was appointed Minister of Finance by Tsar Alexander in 1892.

A student of the German economist Friedrich List, a staunch proponent of the American System of political-economy, Witte applied Listian principles to the Russian economy. Like his German counterpart, Bismarck, with whom he was often compared, Witte knew that only under a system of protectionism could Russian industry begin to develop a dynamic of its own. Harcave notes how Bismarck, in his later years, when he had been sent into retirement by Kaiser Wilhelm II, expressed a high appreciation of Witte’s able handling of a difficult trade negotiation with Germany.

The initial measure Witte took when being named Minister of Finance in 1892, was to institute a thorough-going reform of the financial system. He fixed the value of the ruble to gold, providing stability for investors from abroad. Witte knew that the agrarian economy of the Russian Empire could never overcome its backwardness through a policy of “primitive accumulation” on the paltry surplus of the agricultural economy. Foreign capital was necessary, and a gold-backed ruble would provide the security investors would need, to take a chance on Russia.

Combined with a protectionist tariff and relatively heavy taxes, the system drew complaints, especially from the influential Russian landowners and from the peasants, who had to buy many of their goods abroad. In addition, there was the fear that such dependence on foreign capital would open the door to foreign control of the Russian patrimony, although this was precluded by the relatively strict controls on foreign direct investment mandated by the Witte system, which kept the direction of economic development in the hands of the Finance Ministry. These fears would later be transformed by the enemies of Witte into the idea of a “Jewish conspiracy”: They portrayed his system as a plot by Jewish bankers to establish a republic in Russia, fears which would become a powerful tool when the new Tsar, Nicholas II, took power in 1894.

### **Perfidious Albion**

The continued flow of capital from Europe was dependent upon political stability on the continent. Any serious political or military tensions would send the European capital markets reeling and prove the death knell of Witte’s program. The Franco-Prussian War of 1870-71 had exacerbated the enmity between Germany and France. And then there was the British factor.

The island kingdom, now become a world-encompassing imperial power, was keen on keeping the Eurasian heartland

divided. Only on the basis of such divisions could British “geopolitics” succeed in maintaining London as the grand arbiter of world politics. Witte saw British machinations as the main obstacle to a European peace. Harcave doesn’t really understand the “British problem,” and thus attributes Witte’s attitude to Anglophobia. Here Harcave’s work is somewhat flawed, in its failure to understand the full significance of Witte’s attempt to craft a tripartite alliance among France, Germany, and Russia as the mainstay of peace and stability on the European continent. A paradigm for such collaboration came when Japan, in the aftermath of the 1894-95 Sino-Japanese War, attempted to annex parts of the Chinese Empire. Witte succeeded in getting the tripartite alliance to present an ultimatum to Japan, which was enough to prevent them from annexing any Chinese territory.

On the basis of the stability provided by the ruble’s peg to gold, Witte could obtain far better terms for foreign loans with which Russia could develop its industry. And the focus for Russia’s industrial investment was the construction of a railroad system that could unite the far-flung Russian lands, stretching out to the Pacific, nearly 6,000 miles away.

### **A Eurasian Land-Bridge**

The construction of the Trans-Siberian Railroad had a similar effect on the Russian economy, as did the Kennedy Moon-landing program on the American economy of the 1960s. New industries sprang up overnight to produce the steel, coal, iron, locomotives—everything that was needed for the completion of this immense project. Through the Finance Ministry, Witte, in close cooperation with his scientific colleague Dmitri Mendeleev, set up a string of technical and engineering schools to foster the scientific and engineering cadre needed to maintain the thrust of this modernization. A new cadre of industrial workers with new skills came into being. And the development of the Trans-Siberian route, mirroring its counterpart, the Transcontinental Railroad in the United States, meant that immigration to these virgin lands in the east could be accelerated, giving the possibility of tapping the rich resources of the Russian Far East.

This became the centerpiece for Witte’s broader strategic project, making Russia the primary commercial link between Europe and Asia. The Trans-Siberian Railroad would become the “land-bridge” traversing the Eurasian landmass. The movement of trade between industrial Europe and underdeveloped Asia would, with the development of this important artery, move more quickly and cheaply by land than by sea. This project also placed Witte in immediate conflict with Great Britain, the sea power that had hitherto controlled the movement of trade to the Far East.

It was with this in mind that Witte made the decision, criticized by many at the time, to build the final stage of the Trans-Siberian, not through the difficult terrain of the Amur River region, the only feasible route through Russian territory, but rather along a more direct route through Chinese Manchuria, down to a freshwater port on the Yellow Sea.

## Route of the Trans-Siberian Railway and the Chinese Eastern Railway



EIRNS/John Sigerson

*The Trans-Siberian Railroad, extending some 5,800 miles from Moscow to Vladivostok, was the greatest feat of railroad-building in history. Count Witte made the strategic decision to build the final stage of the railroad through Chinese Manchuria to the Yellow Sea, thereby engaging China as an active participant in this great project.*

More importantly, establishing the necessary arrangements with the Chinese Empire to construct the railroad through their territory, would bring this important country in as an active participant in this great project. Russia won from China a concession to build and operate the railroad for 36 years. In a secret annex to the treaty signed between Russia and China, there was also a mutual defense agreement, in which Russia agreed to come to the defense of China if it were attacked by a third party.

The most serious threat seemed to come from Japan. The Japanese had recently decisively won a war against China, but they had been forced to forego the fruits of it, thanks to Witte's tripartite intervention. Any attempt by one of the tripartite powers to themselves take advantage of Chinese weakness in order to set up their own bases, would have been highly objectionable to Japan.

Witte was aware that Japan was highly suspicious of Russia's initiatives in the Far East, and he sought for ways to establish an agreement with Japan, to avoid a conflict.

But by 1903, Witte was in the midst of his own troubles at home. The new Tsar, the fickle, weak-willed Nicholas II, saw in the powerful Finance Minister, a center of power in a realm in which he, the Tsar, was to be the sole arbiter. Since he took power, he had always felt himself overshadowed by his Finance Minister. Over the years, Witte's sometimes imperious attitude began to grate on him. This was fueled by Witte's opponents at home and abroad, and in 1903, Nicholas relieved him of his post.

Relegated to a formal position on the Council of Ministers without any real power, Witte nevertheless plunged into the work still available to him, including conducting studies on the "peasant question." These studies were heavily critical of



*Count Witte as Finance Minister, a post to which he was appointed by Tsar Alexander III in 1892. The British never forgave him his financial and strategic moves against their global power—which biographer Harcave wrongly dismisses as based on his “anglophobia.”*

the absentee landlord class, and called for a land reform which would give the peasants the right to own and work the land, thus establishing a system of independent farmers. No action was taken at the time, but it would provide the basis for the later Stolypin land reform of 1906, which unlike Witte’s voluntary system, would be forced upon the peasantry.

## The Drums of War

There was also at court a coterie of people around Alexander Bezobrazov, an intriguer and Slavophile, a member of the reactionary Holy Brotherhood, who were keen on annexing the new regions in the East in which the Russian railroad was being built. Bezobrazov portrayed Witte as being enmeshed in a “Jewish conspiracy,” and ridiculed his Far Eastern policy as being too timid by relying on friendship with a weak China, and a fear of provoking Japan. While there were in Japan, forces around the Meiji Emperor who were keen on maintaining a good working relationship with their powerful neighbor to the West, there was real concern about the ultimate intentions of Russia in its new role on the Pacific.

Japan also had its own war-mongers, eager to promote Japanese expansion at the cost of its neighbors. They had already succeeded in overcoming any court opposition to the Japanese occupation of Taiwan, and they would remain for decades a powerful force. These elements were egged on by the British, keen on sabotaging the Witte program in the East, and seeing Japan as an ally in that endeavor. In 1902, an Anglo-Japanese Treaty had been signed, giving the military

faction in Japan a clear signal of British backing in any conflict with Russia.

During the the Boxer Rebellion in 1900, Russia had sent troops to Manchuria to guard the Chinese Eastern Railroad. After the suppression of the rebellion, the Bezobrazov crowd insisted on leaving the force in Manchuria, in spite of Witte’s vociferous protests. When it was clear that the Russians were not going to leave, Japan decided to act, laying siege to Port Arthur in January 1904, the key port at the end of the South Manchurian Railroad, the southern branch line connecting to the Chinese Eastern Railroad. While Russian military prestige led people, including the unsuspecting Tsar, to speculate on a quick victory for Russia, others, including Witte, were skeptical. He knew that, in spite of the rapid economic growth the country had enjoyed under his policies, Russian industry was still in its infancy. A war would be catastrophic for the Russian economy and could well provoke revolution. The Japanese victory over China in 1894 also made clear that Japan, since the beginning of its own modernization following the Meiji Restoration in 1868, had also been strengthened industrially and militarily.

The war went as Witte had feared: a bloody stalemate on the ground, the fall of Port Arthur after a long siege, and then the total destruction of the Russian fleet by Japanese cruisers in the Straits of Tsushima. After this disaster, Witte was called back into service by the Tsar, this time as the head of the negotiating team to broker a peace. The Tsar, reluctant to give his ex-Finance Minister this new lease on political life, finally realized that there was no one else with the ability or the prestige to rescue the nation from this latest debacle. Witte, aware of the dangers lurking in this difficult assignment, remarked wryly to the new Finance Minister, V.N. Kokovtsev, “When a sewer has to be cleaned, they send Witte; but as soon as work of a cleaner and nicer kind appears, plenty of other candidates spring up.”

The negotiations, held in Portsmouth, New Hampshire under mediation of U.S. President Theodore Roosevelt, was more advantageous to Russia than anyone had hoped. And this in spite of the pro-Japanese bias of Roosevelt in the negotiations. Although fighting Russia to a stalemate on the ground, Japan had strained all of its resources to fight this war. For this reason, Japan, not Russia, had asked Roosevelt to mediate. For Japan, a further lengthy conflict would be difficult to maintain. To the Japanese, Witte always insisted that were negotiations to break down, Russia was prepared to continue the war. It was due to his negotiating skill that Russia emerged from the negotiations largely accepting the conditions that they had previously decided would be tolerable, “no annexations and no indemnity.” Russia was forced to cede half of Sakhalin Island to Japan, recognized de facto Japanese control of Korea, as well as ceding to them the Southern Manchurian Railroad and control over Port Arthur and Dalian. No indemnity was to be paid to Japan. Witte returned to a hero’s welcome, the Tsar raising him to the aristocracy by



making him a count—and then relegating him to a somewhat impotent position in the Council of Ministers.

## Revolution at Home

The war had seriously aggravated the internal political situation in Russia. Revolution was in the streets, and Witte was again called to service to prevent this from resulting in the destruction of the Tsarist state.

Never a proponent of a republic for Russia, and perhaps somewhat wary of even a constitutional monarchy, Witte realized that the situation had gone so far in these turbulent days of war and industrial unrest, that there was no return to the *status quo ante*. His greatest concern was that Russia not plunge into total chaos.

The promulgation of the October Manifesto in 1905, a document drafted by Witte but issued under the name of the Tsar, called for changing Russia from an autocracy into a constitutional monarchy. Witte was appointed the chairman of the Council of Ministers, which became something of a Cabinet, and in preparation for the first Duma (parliament), Witte became the Premier. Many of Witte's own goals had been incorporated in the Manifesto. It provided for civil rights for all subject peoples of the empire: Armenians, Poles, Finns, as well as Jews. It expanded the right to vote as much as it was possible before the first elections to a Duma, after which universal suffrage would be established. It also called for freedom of press and freedom of association, including the right to form trade unions, provided these be registered with the government.

As Witte feared, the element of discontent over Tsarist policy had grown so great that it couldn't be contained within the bounds of the October Manifesto, whose stated goals had yet to be implemented. The Bolsheviks, led on the ground by Leon Trotsky, had already launched the doctrine of "permanent revolution," a doctrine also promoted by the reactionary right in order to reimpose autocratic control on the chaos that would result. The political instability increased, leading finally to the re-establishment of a veritable police state. Nevertheless, the Duma and the formality of something resembling a constitutional monarchy would remain in force until its final demise in 1917. In the days to come, Witte would also be the target of at least one assassination attempt.

After this particular "crisis management" task, Witte returned to private life. Harcave gives an interesting portrayal of his work during his last years, when out of power. During the Balkan crisis of 1911, something of a prelude to the violence soon to occur in the "Balkan cockpit," Witte labeled the attempt by Russian Foreign Minister Sazonov to embroil Russia in a "pro-Slav coalition," together with the Serbs and Montenegrins, as a "romantic, old-fashioned chimera." maintaining that this notion of the "Slavic peoples" could embroil Russia in a world conflagration, for which she was not equipped. He also strongly protested when England succeeded in bringing Russia, with the signing of the Anglo-

Russian Convention of 1907, into a Triple Entente among France, England, and Russia, which was clearly aimed at confronting the budding Triple Alliance among Germany, Italy, and Austria-Hungary, seeing it as a step toward war.

When that war did come in 1914, Witte, who had been travelling abroad, rushed back to St. Petersburg where he toiled to pull Russia out of the conflict at the earliest possible dates, even expressing a wish to go to Germany to negotiate a separate peace with Germany. As Harcave relates Witte's attitude, "In a letter to Grand Duke Constantine Konstantinovich, who had lost a son in the war, Witte explained that Russia had been dragged into the war to serve the purposes of 'perfidious Albion' which having destroyed the naval power of France and Spain, now wants to fight, in the words of one Russian diplomat, 'to the last drop of Russian blood' to do the same to German naval power."

Until his death in 1915, Witte remained a staunch opponent of the war, remaining to the end a thorn in the side of the British diplomats in St. Petersburg through his numerous newspaper articles against the war. Witte's "anglophobia" had proven itself to be very well grounded.

*Count Sergei Witte and the Twilight of Imperial Russia* is a valuable contribution to the knowledge of Witte in the English-speaking world, providing the basis, with Harcave's edition of Witte's *Memoirs*, for a fine, well-rounded portrait of that great Russian statesman.

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## BRAZIL CASE STUDY

# Globalization: Merely Unfair, or Is It Genocide?

by Dennis Small

In the days leading up to the Doha round of the World Trade Organization, meeting in Hong Kong Dec. 13-18, 2005, Brazilian Foreign Minister Celso Amorim took to the pages of the *International Herald Tribune* to issue a policy statement on globalization and free trade, on behalf of the Lula da Silva government. Given Brazil's leadership role among developing sector nations, and the country's obstinate—and sometimes successful—resistance over more than a decade to the Free Trade Area of the Americas (FTAA) lunacy (and other ruses) emanating from Washington, Amorim's statement takes on broader significance.

Amorim's Dec. 9 piece, "Unfinished Business," nowhere questions the axiomatics of free trade, nor the prevalent mantra that "globalization is here to stay." Rather, he argues, free trade has simply not been applied equitably or fully across the globe. The Doha agenda, he says, is the opportunity to complete the "unfinished business" of trade liberalization and rectify its injustices. Developed nations—the United States, Japan, and Europe—must be pressured to reduce their tariff barriers to Third World exports, especially of agricultural goods. "The Doha agenda is to redress the development-deficit in world trade, by allowing developing countries to benefit from their comparative advantage, most of all in agriculture," Amorim writes.

For anyone familiar with the recent history of Brazil's agricultural sector, Amorim's argument that *more* free trade will lead to development, is particularly preposterous. The best that can be said about it, is that Amorim—and most of

the Brazilian government—almost surely does not believe most of what he himself wrote (see box, p. 44).

### **A Giant Agro-Export Platform**

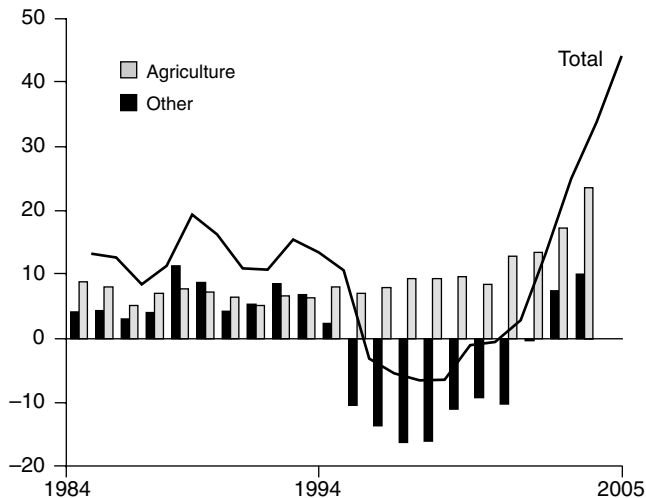
Carlos Lessa, the former president of Brazil's BNDES (National Bank for Economic and Social Development), and one of the country's leading economists and critics of globalization, hit the nail on the head in a late November 2005 seminar in the Senate. Brazil has been transformed into the fourth largest producer of grain in the world, Lessa reported, but there are still 10 million farmers and peasants—out of a national population of 185 million—who live in misery, or extreme poverty. (Nationally, about 50 million Brazilians, some 25% of the population, live in poverty.) These most immiserated Brazilians in effect "still live in the 18th Century," Lessa told the seminar, while the country's agriculture is dominated by large, multinational corporations that have little or nothing to do with the Brazilian domestic economy.

Lessa's comments point towards the reality underlying Brazil's recent agricultural boom.

Over the past 15 years, the country's agricultural sector has been transformed into a giant export platform under the control of a handful of multinational cartels, such as Monsanto, Cargill, ADM, and others. Soaring agricultural exports have been the bedrock of the country's large trade surplus, which is the way that the country has managed to keep servicing its enormous foreign debt—the largest in the developing sector, at about \$230 billion.

FIGURE 1  
**Brazil: Balance of Trade**

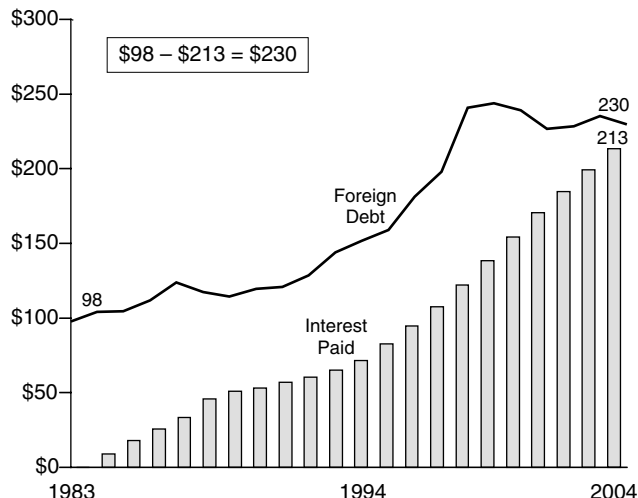
(Billions \$)



Sources: FAO; Secex (Brazil).

FIGURE 2  
**Brazil: Bankers' Arithmetic**

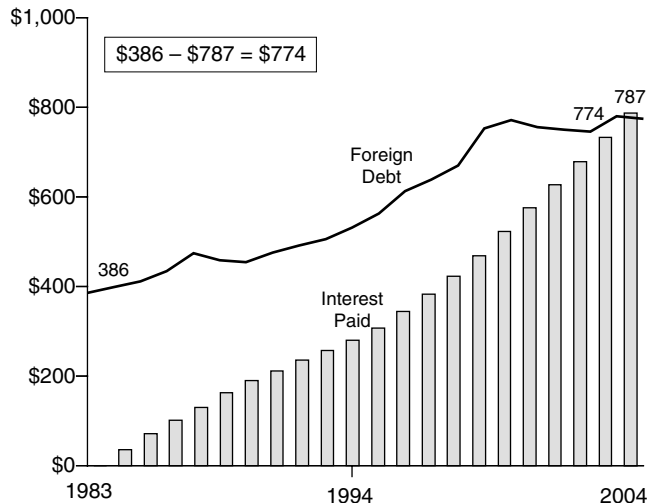
(Billions \$)



Sources: World Bank; Central Bank (Brazil).

FIGURE 3  
**Ibero-America: Bankers' Arithmetic**

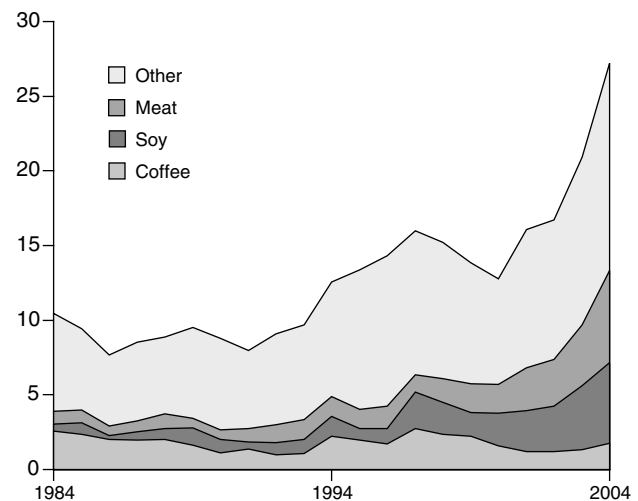
(Billions \$)



Source: World Bank.

FIGURE 4  
**Brazil: Agriculture Exports**

(Billions \$)



Sources: FAO; Secex (Brazil).

As **Figure 1** shows, out of the 2004 total trade surplus of \$34 billion, 70% (\$24 billion) came from the agricultural sector. (The 2005 total trade surplus has soared to an astounding \$44 billion, although the breakdown by sector is not yet available—but it is certain that agriculture continues to domi-

nate.) For the better part of the last decade, the trade balance for all sectors other than agriculture was actually *negative*, while agriculture has stayed steadily positive over the last two decades, zooming up by nearly 300% in the last four years alone.

Over the period 1984-2004, agricultural trade ran a cumu-

## On the Subject of Brazilian Diplomacy

And then there's the story that Brazilians relish telling foreigners, about the middle-aged, well-to-do European couple that was visiting northeastern Brazil. The tourists ran across a very humble Brazilian woman sitting in front of her shabby house, surrounded by a scraggly cat and her litter, drinking milk out of a bowl made of the most exquisite, valuable china.

"Just look at that incredible *objet d'art*!" the woman whispered to her husband. "Let me handle this."

Turning to the poor Brazilian woman, the elegant European lady said in her best broken Portuguese: "Oh, *senhora*, what a lovely mama cat! I'm in love with it. Would

you be willing to sell it to me for 100 dollars?"

"Well, she is my family cat," said the Brazilian reluctantly, "but I suppose so."

"Oh, thank you, *senhora*. But you know, I don't want the mama cat to be lonely, so will you sell me one of her kittens for another 100 dollars?"

"Well, my children will be so sad," said the Brazilian woman, even more reluctantly, "but I suppose so."

"Oh, thank you," said the European, handing over the money, taking the cats, and beginning to walk away with her dumbfounded husband. Then she turned back, almost as an afterthought, and casually said to the Brazilian:

"Oh, *senhora*, do you think you could give me that old milk bowl, just so I can feed the cats when I get back to our hotel?"

"Oh no, I can't do that," replied the Brazilian woman. "That's my bowl for selling cats."

—Dennis Small

lative *surplus* of \$197 billion, while non-agricultural trade ran a *deficit* of \$6 billion over that same time period.

What became of that \$197 billion agro surplus? It was gobbled up, dollar for dollar, by the \$213 billion in cumulative interest payments on Brazil's foreign debt, which were made over that same 1984-2004 period. **Figure 2** shows what we have frequently referred to as "bankers' arithmetic" regarding the foreign debt of developing sector nations. In the case of Brazil, its total official foreign debt was \$98 billion at the end of 1983. The accumulated interest paid on that debt over the next 20 years added up to \$213 billion—more than twice the original debt owed. But at the end of those two decades, Brazil's foreign debt had *grown* to \$230 billion, despite the fact that it had paid off almost that entire amount in interest payments alone. Bankers' arithmetic!

Such insanity is, of course, not limited to the case of Brazil. Under the International Monetary Fund system of globalization and free trade, the official foreign debt of Ibero-America as a whole showed a similar pattern (see **Figure 3**). The debt was \$386 billion at the close of 1983; over the ensuing two decades, \$789 billion in cumulative interest was paid (here, too, more than twice the original debt owed); but by 2004, the total foreign debt had risen to \$774 billion. Again, bankers' arithmetic.

### The Soy Revolution

Now, consider the changes that globalization has wrought in the structure and composition of Brazil's agricultural exports over the last two decades.

Brazil is known the world round for its coffee. And in fact, back in 1984, a quarter of the dollar value of its agro

exports came from coffee. But over the intervening two decades, coffee's share has dropped down to 6% of the total (**Figure 4**). The newcomers are soy and meat exports, which together account for 43% of all Brazil's agricultural exports. Coffee is now a has-been.

The sharp rise of the value of Brazil's soy and meat exports is not principally a result of rises in the prices of those primary products. *The physical volume produced, and exported, has skyrocketed.*

Take soybeans (**Figure 5**). Although Brazil was already a significant producer of soy back in 1990, producing 18% of the world total of 109 million tons, and exporting a fifth of its own production, by 2004 Brazil's production had increased 150%, to 49 million tons. But over the same period, its exports increased *five-fold*, rising to 39% of national production. Brazil is now the world's No. 2 producer of soybeans, after the United States.

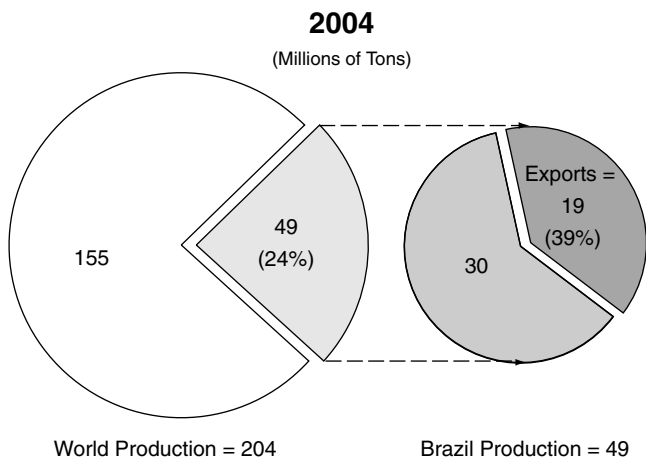
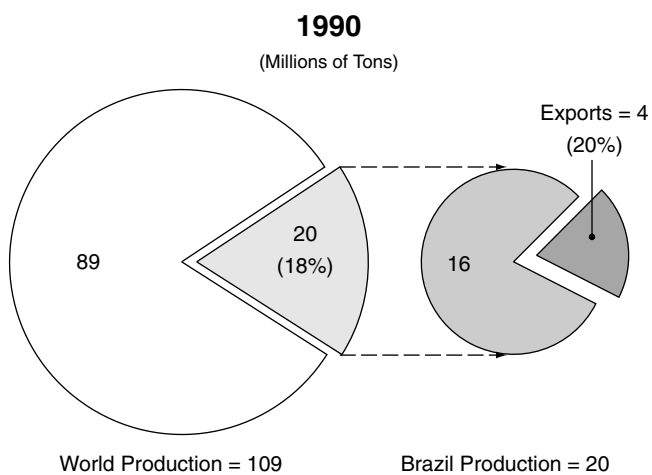
As the bar diagram of **Figure 5** shows, world soy production increased a respectable 88% from 1990 to 2004; but Brazilian production leapt by almost 150% in the same period, and its exports soared by 372%.

In net effect, Brazil today produces soybeans in order to export them—and it exports them in order to pay its foreign debt to a bankrupt international financial system. This is globalization in action.

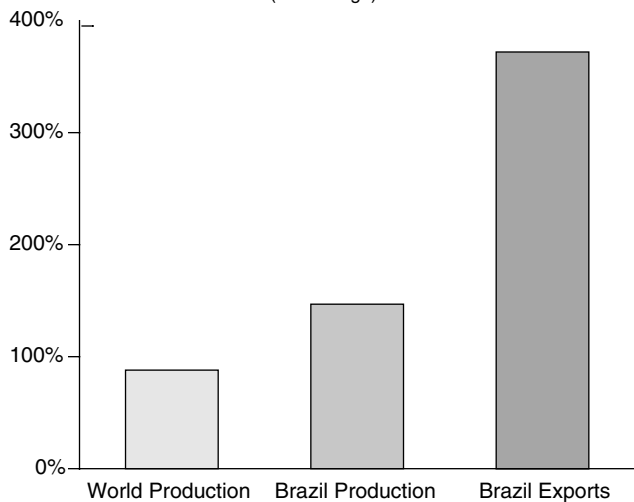
The case of meat and meat products is, in one sense, even more dramatic (**Figure 6**). In 1990, Brazil's production of 7.7 million tons was about 4% of the world total, but only a very small amount (400,000 tons, or 6% of its production) was exported. By 2004, however, Brazil's meat production had risen to 20 million tons, and 22% of that was exported. Over

FIGURE 5

## Soy Production and Exports



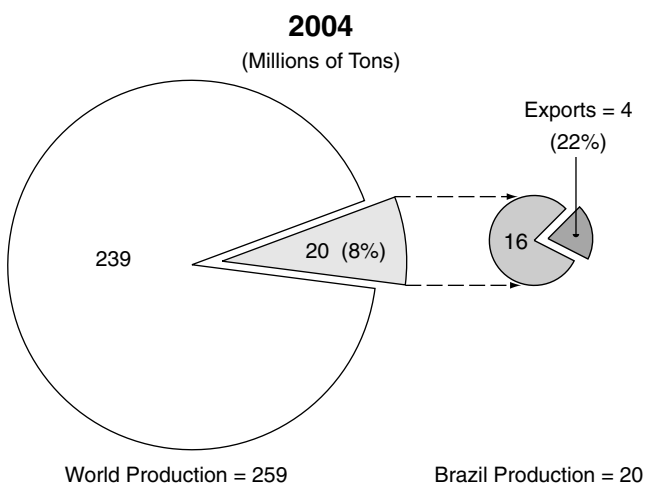
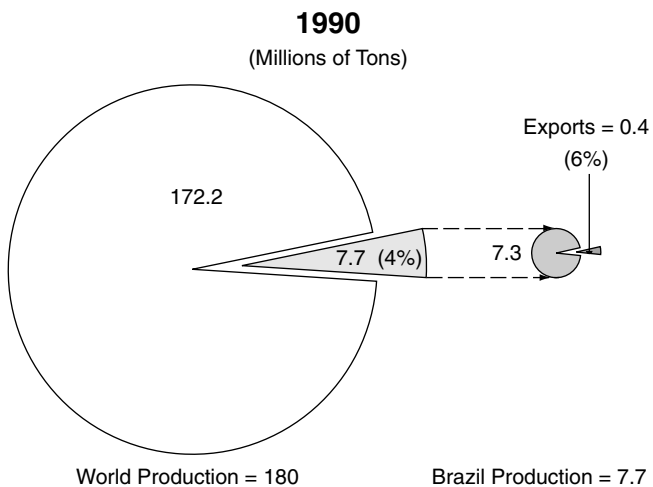
### Increase, 1990-2004 (Percentage)



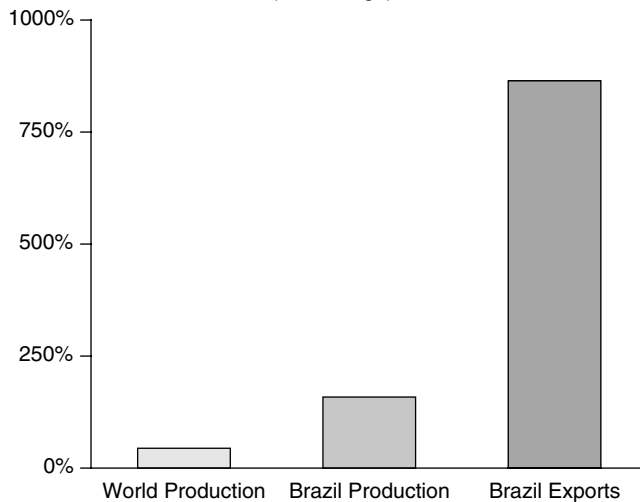
Sources: FAO; Secex (Brazil).

FIGURE 6

## Meat Production and Exports



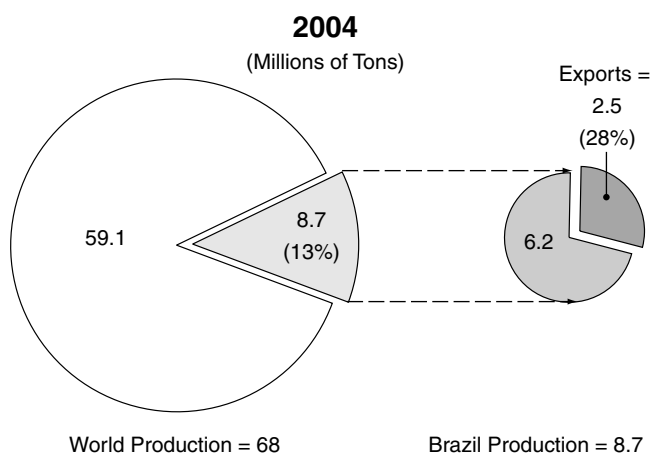
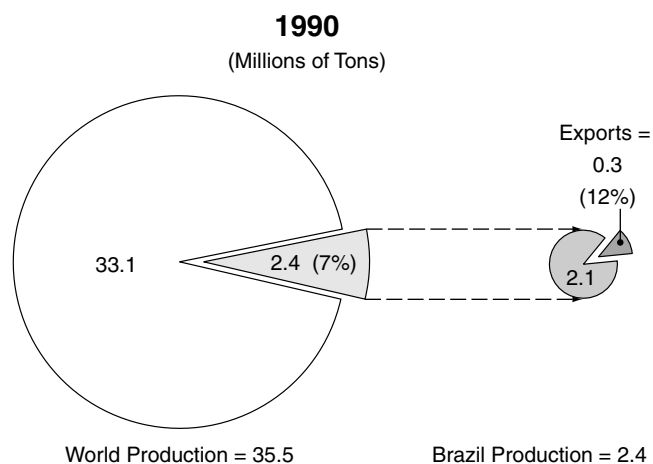
### Increase, 1990-2004 (Percentage)



Sources: FAO; Secex (Brazil).

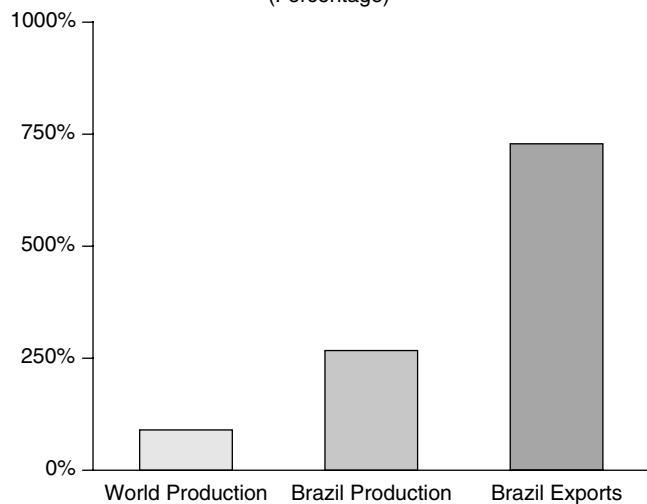
FIGURE 7

## Chicken Production and Exports



### Increase, 1990-2004

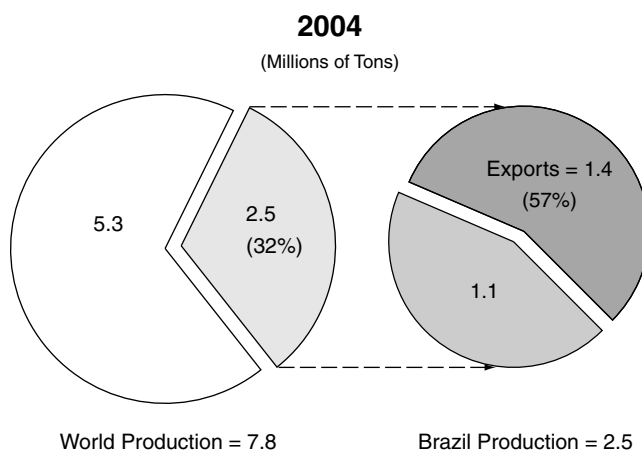
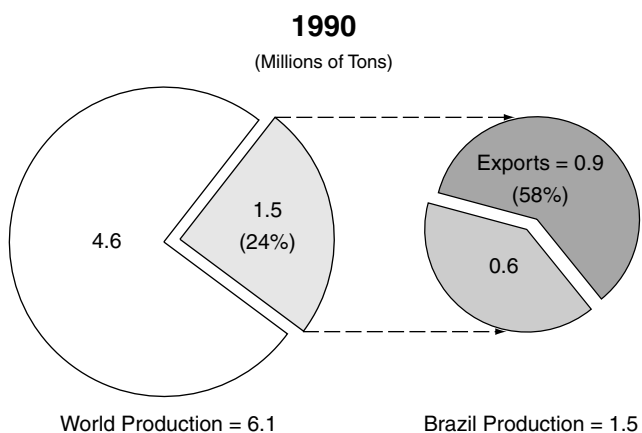
(Percentage)



Sources: FAO; Secex (Brazil).

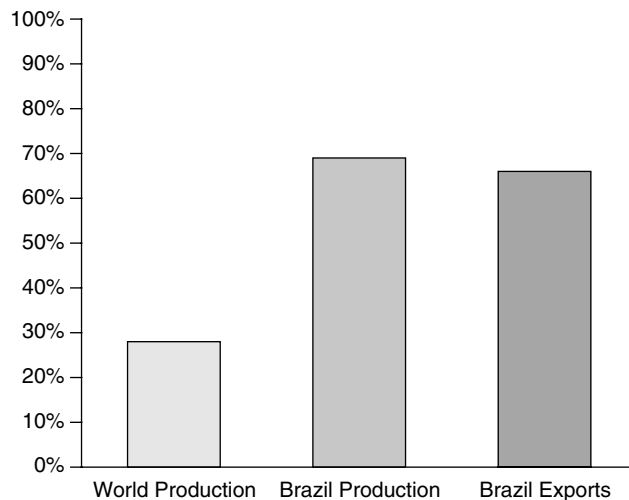
FIGURE 8

## Coffee Production and Exports



### Increase, 1990-2004

(Percentage)



Sources: FAO; Secex (Brazil).

the 14-year period, world production of meat rose 44%, but Brazilian production increased by 158% and its exports zoomed by nearly 900%! So the lion's share of the boom in Brazilian meat production did not go to domestic consumption—in a country where some 50 million of the country's 185 million citizens endure hunger—but to export. Again, globalization.

Within the category of meat and meat products, chicken plays a dominant role. As **Figure 7** shows, the pattern here is similar: today, 28% of national production is exported, having grown by 730% in absolute terms since 1990.

It is worth noting that this transformation of an entire economy into a giant, foreign-owned export platform, is *not* the same thing as the classic colonial syndrome of the “monoculture exporter” which characterized much of the 20th Century in many parts of the developing sector. Coffee is a good example of the latter in Brazil, and as **Figure 8** shows, the profile of production and exports has not changed markedly over the 1990-2004 period. In 1990, 58% of Brazilian production was exported; in 2004, 57% was exported. The relations in the bar diagram speak to this point, and are quite different from the corresponding diagrams for soy, meat, and chicken.

Under globalization, entire nations and their populations lose all sovereignty and become *de facto* foreign enclaves for globalized production. This production is carried out where the wage rates are lowest, the land most fertile, and the popula-

tions most desperate—and it is exported in order to channel enormous financial flows into the insatiable cancer of the bankrupt global financial system.

### Physical Economic Disaster

The big loser under globalization is the physical economy of the nation-state, including its demographics.

Brazil has now joined nations such as Russia, and much of sub-Saharan Africa, where there is an outright decline either of the total population, or of certain age brackets. Brazilian economist Carlos Lessa has reported the shocking fact that the number of males between 16 and 30 years old, *is now falling in absolute numbers* in Brazil. Lessa ascribes this to the reduced life expectancy of the poorest part of the population, which out of desperation is involved in organized crime, especially the drug trade, and who therefore die prematurely. This kind of youth gang holocaust is also sweeping Central America, and parts of Mexico as well.

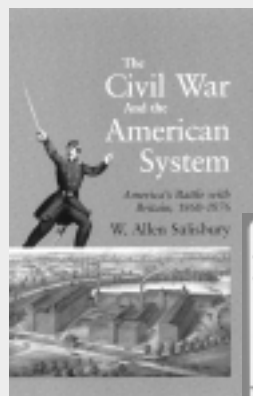
Another reflection of the physical economic takedown in Brazil, is what has happened to its production of machinery and equipment. Brazil has historically had the most significant machinery sector in all of Ibero-America, but that is now declining as a result of trade liberalization, combined with the world's highest real interest rates (currently at 18%), as demanded by the national and international financial oligarchy.

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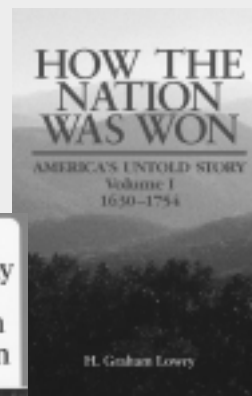
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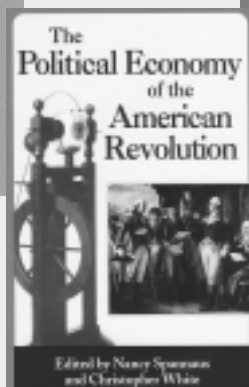
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In a Nov. 16, 2005 statement, Newton de Mello, the President of the Brazilian Association of Machinery and Equipment Producers (ABIMAQ), reported that sales of domestically produced agricultural machinery in the first eight months of 2005 were 35% lower than the same period in 2004, while imported machinery had increased by 26%. De Mello said that the production of other kinds of machinery was also declining, warning that “we cannot simply watch while productive sectors are practically dismantled, as is occurring with agricultural machinery.” He argued that “basic interest rates must be drastically reduced,” and that such reduction “is now an emergency requirement.”

But De Mello went beyond mere protest, and attacked some of the axiomatic underpinnings of free trade and globalization. The ABIMAQ president told the press that he had sent an open letter to President Lula, urging him to replace his economic policy team of Finance Minister Antonio Pallocci and Central Bank head Henrique Meirelles, because their pro-globalization policies had unleashed “a process of de-industrialization of Brazil’s productive plant and equipment. . . . Great investment projects are being cancelled. . . [in pursuit of] merely financial parameters, such as an illusory improvement of the country risk rating, which only attracts more and more speculative capital, which doesn’t produce anything and only transfers profits abroad.”

De Mello also attacked the idea of floating exchange rates, which have characterized the international financial system ever since Richard Nixon took the dollar off gold in August 1971. “ABIMAQ has shown,” he reported, “that exchange rate instability, with sharp oscillations, makes it almost impossible for companies which import and export capital goods, to engage in planning.” He also attacked the government plan to reduce the tariffs on imported machinery and equipment from 14% today, down to 6%, arguing that such protectionist measures are necessary for “a sector which is strategic for the development of the country.” He noted the particular irony that the government proposal did *not* call for lowering the tariffs on the imports of components used to produce machinery in Brazil. “It is not acceptable to lower import tariffs on machinery, without a simultaneous reduction of the tariffs on components and inputs. Such a distortion would condemn the Brazilian capital goods industry to extinction,” the industrialist warned.

The outlook implicit in the cited remarks from ABIMAQ President De Mello, is shared by many nationalist forces in Brazil today, and it is totally antithetical to the model of globalization that is devastating the planet. Such an outlook also converges on the American System concept of scientific physical economy developed by Lyndon LaRouche, in such locations as his Oct. 11, 2001 document “The Future of Brazil’s Agriculture,” which was prepared for an international conference on the subject of “Brazil and the Free Trade Agreement of the Americas,” held in Brazil’s Senate at the end of October 2001.

## Youth Flight Leaves ‘No Future’ Rust-Belt States

by Paul Gallagher

A recent series of articles in the Detroit press highlighted the steady flow of college-educated young people out of Michigan—focussing on the sons, daughters, and grandchildren of autoworkers who are living through the collapse of the U.S. auto industry in the Midwest—and into service industry and financial jobs in other regions, in particular the non-union South. A stinging irony was the number of such youth moving South to work in “management” in Arkansas or some related part of the right-to-work, cheap-labor corporate empire of Wal-Mart Stores. During 1995-2000, Michigan lost, according to Census Bureau reports, almost 40% of its population of college-educated, single young people, from 42,600 down to 26,600; the only state with a worse drain of youth was Pennsylvania. There could be no more dire indicator of the “no-future” economic crisis centered around the decay of the formerly-productive, industrialized regions of the United States under “globalization and free trade,” and the now near-irreversible loss of the productive capabilities and skilled labor forces of those states.

That crisis is centered in the auto industry, the last-chance arena for Congressional intervention to reverse it. Over the past 30 years, just the “Big Three” automakers have closed down 24 auto production and assembly plants in Michigan alone, permanently eliminating nearly 50,000 skilled production jobs, and perhaps another 50,000 in the auto-parts and supply industries, in a state whose total productive workforce is now down to less than 600,000. And further shrinkage in

TABLE 1

### Post-Industrial Shift Stopped Population Growth, Formerly Industrial States

State	1940-70 Growth	1970-2005 Growth
Illinois	40.5%	14.9%
Indiana	51.3%	20.7%
Michigan	67%	13.9%
Missouri	23.6%	24%
New York	35.6%	5.4%
Ohio	53.8%	7.6%
Pennsylvania	19.2%	5.3%
<b>Total</b>	<b>39.7%</b>	<b>10.5%</b>



FIGURE 1a

**Detroit: Population Falls by 37%**

(Millions)

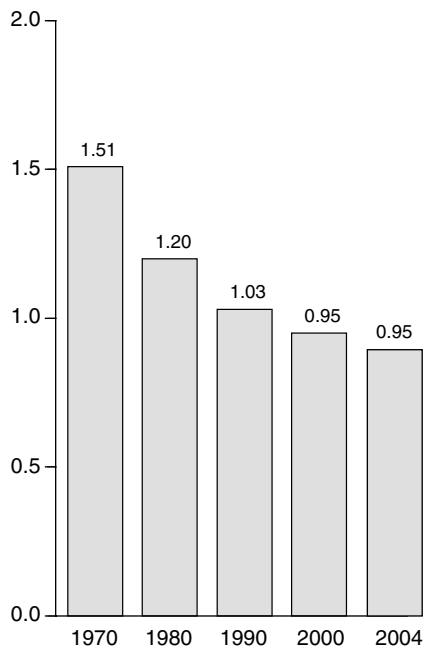
Source: Dept. of Housing and Urban Development, *EIR*.

FIGURE 1b

**Detroit: Manufacturing Workforce Falls by 65%**

(Thousands)

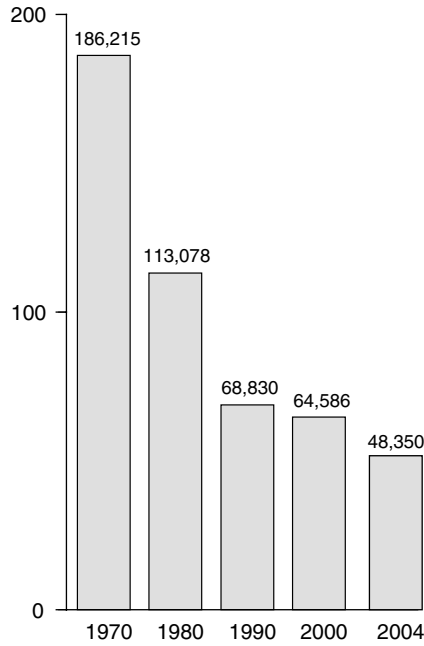
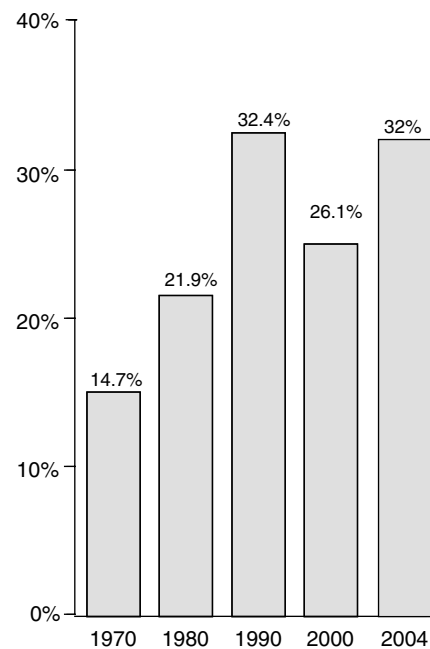
Source: Dept. of Housing and Urban Development, *EIR*.

FIGURE 1c

**Detroit: Poverty Rate**

(Percent)

Source: Dept. of Housing and Urban Development, *EIR*.

the current auto-industry crisis immediately threatens to close another 12-15 assembly and production plants, of just the Big Three, in Michigan, within three years or less, eliminating another 15-20,000 skilled production jobs. Whereas nearly 13% of Michigan's workforce was employed in auto in 1975, only 6.4% was in 2000, and less than 6% now.

That crucial core of industrial advance, machine-tool employment, though far smaller in numbers, tells the same story throughout the Midwest. Whereas states from Missouri to New York boasted 1.5-2.% of their workforces highly skilled machine-tool designers and makers in the 1970s, now those percentages have plunged to 1.12% in Michigan, 0.38% in Indiana, 0.56% in Ohio, etc.

**Poverty and Deindustrialization**

Not industrial diversification, but a picture of increasing poverty has resulted; take a look at Detroit in **Figures 1a-c**, now the large city with the highest rate of poverty nationwide, and its remaining skilled manufacturing workforce declining by 3-4,000 a year.

Across the state has occurred what the *Detroit*

*News* called "The Fall of Flint," the demise of another auto-centered city which, in the 1950s, had the highest per capita incomes in the United States. Now, nearly 30% of its population lives under the official Federal poverty line. If, as expected, Delphi Automotive CEO Steve Miller during 2006

TABLE 2

**Population 15-29 Years Leaves Upper Midwest States**

State	1970s Change	1980s Change	1990s Change	2001-04 Change	Total Change
Missouri	345,000	-159,000	-29,000	-17,000	169,000
Illinois	497,000	-453,000	-193,000	21,000	-111,000
Michigan	412,000	-431,000	-60,000	-49,000	-102,000
Indiana	-89,000	-216,000	-151,000	-103,000	-541,000
Ohio	372,000	-459,000	-156,000	-106,000	-310,000
Kentucky	316,000	-145,000	-119,000	-6,000	67,000
Pennsylvania	433,000	-652,000	-343,000	-167,000	-687,000
New York	367,000	-284,000	-703,000	-392,000	-976,000
8 States	2,653,000	-2,799,000	-1,754,000	-819,000	-2,719,000
42 States	8,948,000	209,000	-643,000	1,964,000	10,478,000

closes the FlintEast plant, (which currently employs 2,800, but once employed 14,000), what remains of the city and its once-proud workforce will be decimated. Flint's population has been cut in half since the 1950s, from 200,000-plus to about 100,000 today. In the 1980s GM still employed 80,000 there. More than 20,000 manufacturing jobs have been lost in the city in the last 10 years alone.

The "no future" hollowing-out of cities and states has not been limited to the auto industry center in Michigan. The band of formerly-industrial states from western New York across the upper Midwest to Illinois and Missouri are in an accelerating demographic decline, most marked by the loss of their younger population to the Southeast and West, and to centers of the lower-skill, lower-wage "service economy."

**Table 1** shows that the healthy overall population growth which characterized these states in the post-War period through the 1960s, virtually stopped in the 1970s—when the national policy paradigm-shift actually occurred that has been killing off U.S. industrial strength—and has not revived since. That this is not simply a matter of the Baby Boom generation's own raising of a baby bust, is made clear by the fact that the loss of population growth is of 35 years duration and still intensifying.

More seriously, this demographic hollowing-out of the formerly industrial states is *specifically the loss of young people*, and that loss is accelerating now. **Table 2** shows this loss of youth over three and one-half decades—with the most rapid loss, and greatest contrast with the rest of the nation, occurring since the year 2000 and continuing now. Each five-year period since 1975 has found, on average, nearly 500,000 fewer young people, between the ages of 15 and 29, residing in these former industrial-powerhouse states, and the past half-decade has seen a much worse drop than that, of more than 800,000 youth.

The same states have shown a net outmigration (more residents leaving than new residents coming in) during the same decades, of more than 5 million. It is clear that the driving force of that outmigration is the departure of just those young people who could represent the future of physical-economic reconstruction in the region and the nation.

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## Lyndon LaRouche in Germany

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# Nuclear Power Is Crucial for Survival

*At a meeting of the LaRouche movement in Europe on Dec. 29-30, Lyndon LaRouche was asked about the revival of the German economy, and its role in the survival of Europe. Here are excerpts from his replies. See EIR, Jan. 6, 2006, for his initial presentation.*

## European Recovery Depends on Germany

*A questioner asked about recent trade union demands for higher wages, and how the LaRouche movement should intervene. LaRouche stressed the global impact of developments in the United States, and went on to discuss the situation in Germany.*

... I think, in Germany, we're in the best situation, for the reason that the potentiality for the recovery of Europe as a whole, western continental Europe as a whole, depends *absolutely* on the German economy. Without the German economy, a general economic revival of the economy of Continental Europe is impossible.

The German economy's collaboration with Russia is crucial. A Russia-Germany collaboration in economics is absolutely crucial. The future of the entire region, depends upon a division of labor, a cooperative division of labor, throughout continental Eurasia. And the road to cooperation in continental Eurasia is through Germany—now from Berlin, to Moscow, to China, to India, and similar places. That's the possibility. It's a 50-year perspective: We're talking about projects which require a 50-year lifespan of investment: in infrastructure, in developing new technologies and so forth. Of taking the waste areas of Central Asia and making them habitable. Developing new kinds of resources. Developing more efficient mass-transit systems. Eliminating dependency upon the automobile in the form of gasoline or diesel combustion; to new forms, which are now about to emerge and become actual. If the society continues, for example, we are going to have a hydrogen-based vehicle, soon—a new type, absolutely new type. It's coming. Ford is working on it, others are working on it. We have the capability of developing it.

It can not develop, however, without a return to nuclear energy! Windmills, out! Nuclear energy, in! And a development of massive nuclear energy: Which means as many as possible, mass-produced, or semi-mass-produced, pressure vessels of the Jülich type for example, are absolutely necessary to be able to generate the hydrogen for this change in technology. This change in technology must mean, therefore, hydrogen generation by nuclear means, *all throughout the*



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*"The key problem in Germany," said LaRouche "is this damned thing of the Greenies, this nuclear power question. Because without nuclear power, it's almost impossible, to have a sustainable development of European culture—and particularly in Germany." Shown here is the nuclear plant at Grafenrheinfeld, Germany.*

*territory of Eurasia.*

Because, this means producing locally, fuel, hydrogen fuels, or hydrogen-based fuels, in every part of the continent. Because you must have fuel, in every part of the continent. Instead of hauling kerosene, petroleum products, all over the continent, at great expense—a low-grade product at high expense—you now will produce hydrogen-based fuels, in local areas, whose principal waste product is called "water." It's not exactly a pollutant.

So, that's one of the kinds of things. And therefore, that means a fundamental change in the way we organize. This is a 50-year investment program. And it must be *conceived* as a 50-year investment program. It means that capital budgets, in terms of credit of states, in the order of magnitude of 25- to 50-year terms on credit, for the installation of large-scale infrastructure systems, which will probably be 50-60% of the total investment in the economy throughout Eurasia, in the coming 50 years.

So, the image is there. And these little leaks, of moves in a positive direction, are merely the stepping stones for having the real discussion. If they want to save jobs, how are they going to save jobs? One thing we're going to have to do in Europe, as we're doing in the United States, we're going to have to go to hydrogen-based fuels: that means, nuclear power. That means, Don Quixote can go to work on the windmills. . . .

## **A Period of Transition**

*To a question on the priorities for the LaRouche Youth Movement, LaRouche explained how the situation in Ger-*

*many has changed, since the Sept. 18 election.*

. . . You have a situation where the German government, at present, the coalition government is highly unstable—despite all the horse manure, it's unstable. So, under these conditions, there will be a change in government. A change is inevitable.

What happened was, that Schröder and the Red-Green coalition reached the point that it was impossible for that government to govern Germany, under a Red-Green coalition. As long as the Greenies were in, there was no solution for Germany. Hartz IV [austerity plan] was actually created by the Greenies, by implication. Because all of the things that *should* have been done, and *should* have been proposed, were not proposed, because they would require things like nuclear energy, things that the Greenies wouldn't stand for. That would mean, for example, go back to agriculture, instead of what was done by the Greenies; stop the windmills, build real power plants.

So therefore, they had to go outside the Red-Green coalition. And if the Schröder candidacy could not win a majority, or a dominant position in the coalition, they had to accept that risk, because Germany could not survive under a Red-Green coalition.

Therefore, you're now in a period of transition, where you're trying to group—as we are in the United States, with this bipartisan tendency around our work—you're trying to regroup the *anti*-Green forces, who are for rebuilding the economy in some kind of a coalition. The present Merkel coalition can't do that. It's only a preparatory step. Only a smashing step, from the United States, could create

the situation in Germany, in which an early change in the character of government, and the policies of government can occur.

*They've got to break free from the euro!* Without breaking free from the euro, except as a currency of account, there's no possibility that Germany will survive. If you're for the euro, you're against the existence of Germany: It's that simple.

So therefore, you need a process, a political process, which is oriented toward the reality that the world situation, in Europe in particular, is being determined in the United States, by what does, or does not happen inside the United States, with a positive development. This means, that you're in a race against time, to try to get Germany *out from under the ECB [European Central Bank]!* Because, there's no survival of Germany unless you get it out from under the ECB. The political process in Germany is controlled by the ECB! German firms are being gobbled up by these parasites, who are coming in and grabbing them up. That can be stopped by government, but you've got to have a government that can do that!

So therefore, you've got to *stop* the takeovers, you've got to *stop* the destruction, the looting, the parasites. It's a race against time. So therefore, the government of Germany, if Germany's going to survive, is going to change. It's going to change, not because somebody's going to go out and kill somebody, to change the government. But, because it's *necessary* to shift the composition of government, in a way that Schröder actually started.

Schröder was faced with an impossible situation: The government was ungovernable—as long as the Greens remained in. Therefore, he had to get rid of the Greens. That involved a problem. And the enemy went out, and they went to Lafontaine, and they went to the poor, old ex-Communists, as a coalition, to try to stop, and defeat, Schröder. Which they probably did, in the sense of defeating what his intention might have been, or his ambition might have been.

But the process goes on. The question still arises: *You've got to have the authority of the German government to create debt capital, long-term debt capital, to refinance the building of industry, to get people back to work, and to say "screw you" to the British and the French, "we're going to rebuild around Berlin!"* And AEG's going to stay in Berlin!

But, you have to have the political power. Therefore, we, in the United States, are concerned, for the sake of Europe as a whole, that *Germany reach the condition where it has a government, which is truly capable of governing*, and governing with the effects of getting rid of the euro, and going back to becoming a real nation again, and telling the French and British they made a big mistake, and they should go and wash their underwear, instead of bothering us!

So therefore, we in the United States *depend*, strategically, on the success of Germany in this direction, toward a Eurasian orientation. . . .

## Germans Rediscover Nuclear Power

by Rainer Apel

With the defeat of the "red-green" coalition (Social Democrats and Greens) in the Sept. 18, 2005 elections in Germany, there was hope among many that this also meant the end to an entire era of radical ecologism, which among other things had led to a foul government-industry deal in 2000, to phase out nuclear power by 2020. Many hoped that the Social Democrats, after the divorce from the Greens and their new Grand Coalition marriage with the Christian Democrats, would now begin to argue for a return to nuclear power.

One indication of this hope was a newspaper ad which appeared in numerous news dailies at the end of October, by the two labor unions Ver.di (services) and IGBCE (mining, energy), and the four leading power-producing firms E.ON, EnBW, RWE, and Vattenfall, which cautiously that to secure power supplies for the future, "no source of energy should be excluded," and stated that existing nuclear power plants should receive permits to run as long as safety standards are met, implying they could run for 40, 50, even 60 years, instead of the 30 years set as a limit by the red-green decree. The ad did not call for any new nuclear power plant to be built, but it was a remarkable step, because for the first time in years, labor unions said something positive on nuclear technology.

However, these hopes for a return of the atom were betrayed, as the Grand Coalition signed a rotten compromise agenda, which kept the red-green anti-nuclear power decree intact. The only positive aspect in the new government's energy policy was a commitment to continue, and eventually upgrade, funding of nuclear research.

### Power Outages

The broad public outcry over the power blackouts which kept 250,000 citizens of the Münsterland region in western Germany without any electricity for days, at the end of November, and announcements by Germany's power suppliers of price increases for electricity and household gas, during the first two weeks of December, provided new arguments for the pro-nuclear lobby. Breaking profile, on Dec. 22 two state governors, Christian Wulff (Lower Saxony) and Günther Öttinger (Baden-Württemberg), in interviews pointed to the rising expenses for energy and the need to secure energy supply for industry and consumers. "We will not be able to keep the timetable for the turning-off of modern nuclear power plants. . . . Because of rising energy prices, a mix of energy sources is required," Wulff said, leaving it open whether he was only

proposing that existing power plants operate several years longer, or proposing building new plants.

Öttinger said: "I think that the development of electricity prices over the coming months, and new nuclear power plant projects on the European energy market, will make the Social Democrats rethink their views." Also labor union officials have begun to question the (red-green) dumping of nuclear power, Öttinger said, referencing the aforementioned labor union newspaper ad. Öttinger warned that if the agreement to reject nuclear power, part of the Grand Coalition agreement, remains unaltered, the power plant at Neckarwestheim in his own state would have to be shut down in three years, and then Baden-Württemberg would be forced to import electricity, or face the emigration of companies and jobs to other European countries which do have secured power supplies.

The sudden escalation of the (now resolved) gas dispute between Russia and Ukraine delivered more arguments in favor of nuclear power. On Jan. 2, the day after Russia's Gazprom firm had shut down all gas supplies to Ukraine, German Economics Minister Michael Glos said in a radio interview that although the Grand Coalition government had resolved not to change the anti-nuclear policy, it was evident that for the medium-term perspective of securing energy supplies, nuclear technology again had to be put on the agenda.

### **Non-Nuclear Power Sources Not Enough**

On Jan. 3, Anette Schavan, German Minister of Research and Technology, said in a newspaper interview that renewable energy sources (wind, solar, geothermal) could never replace an "energy mix including nuclear." Peter Ramsauer, vice chairman of the Christian Democrats' group in the national parliament, criticized the Grand Coalition agreement on nuclear power, saying it did not have an eternal value, but was challenged by the reality of uncertain fossil energy supplies, as evidenced in the Russian-Ukrainian gas conflict. Edmund Stoiber, Governor of Bavaria, on the same day, said that it was "time to discuss the nuclear issue not on the basis of ideologies, but rather on the basis of what is technically feasible and safe, to secure the energy supply of the future."

So far, there have been only angry responses from the Social Democrats to these initiatives, and none of the aforementioned political prominents has yet mentioned the option of building new nuclear power plants. But it is clear that the debate on nuclear technology is prominently back on the agenda, after more than 20 years. The LaRouche movement, the only political force in Germany that has unconditionally endorsed nuclear power and has, for years, called for new power plants, will escalate its campaign now, to convince the German population that returning to nuclear fission, and moving on to thermonuclear fusion, are the best options for securing the energy supply. In addition, natural gas and crude oil are raw materials much too precious (for the production of fertilizers, for example), to be burned up and released into the air through chimneys.

## **'That Isn't Enough, Mrs. Chancellor!'**

by Helga Zepp-LaRouche

*Mrs. LaRouche is the chairwoman of the Civil Rights Movement Solidarity party (BüSo) in Germany. She issued this statement on Jan. 5, 2006.*

In a nationwide pronouncement, Chancellor [Angela] Merkel has announced an investment program for her Grand Coalition of 25 billion euros for four years—that is exactly 6.25 billion euros per year. In her New Year's speech, she proclaimed that one must "take many little steps," and therefore her "immediate program" is also a patchwork rug, which is pieced together from a large number of small measures, and is itself much too short to cover the many economic problems of Germany.

But we live in a highly dramatic period of transition, in which the strategic parameters for the untenable situation of the global financial system, and with it, also for the situation in Germany, will be decided anew. The decisive battle is currently occurring in the United States, where, on the one side, the Bush-Cheney Administration is seeking to impose its dictatorial power in the tradition of Carl Schmitt and the *Führerprinzip* in the "extraordinary situation," and, on the other side, a powerful bipartisan coalition is seeking to remove Bush, Cheney, and other neo-cons from office through impeachment proceedings, before it is too late, and it comes to fascist solutions for the global financial collapse, and to new wars, for example, against Iran.

The illegal eavesdropping on American citizens in the NSA affair, the lies which are known to have been fabricated to bring about the Iraq War, the strategic disaster of the Iraq War itself, and many other scandals, all these have produced a swing in popular opinion: According to a self-selected MSNBC poll, 86% of Americans want Bush and Cheney out of office. Not only Democrats, but also Republicans are making it clear where they see the danger. Thus, a former deputy secretary in the Treasury under the Reagan Administration (!), Paul Craig Roberts, wrote in the *Washington Times*: "Compared to Spygate, Watergate was a kindergarten picnic. The Bush Administration's lies, felonies, and illegalities have revealed it to be a criminal administration with a police state mentality and police state methods. . . . Bush aggressively mimics Hitler's claim that defense of the realm entitles him to ignore the rule of law. . . . Will another terrorist attack allow

the Bush Administration to complete its coup?"

But still more political earthquakes are shaking the Republican Party: After chief lobbyist Jack Abramoff decided to cooperate with the state authorities (because of his still worse crimes), indictments are threatening not only the former Republican majority leader Tom DeLay, but up to 60 Congressmen, and the circles around Gov. Jeb Bush and Vice President Cheney are also implicated. The Republican Party is undergoing the worst crisis in its history.

## Hope for Germany

If the United States frees itself of Bush, Cheney, and the other neo-cons, and returns to the tradition of the American Revolution, Lincoln, F.D. Roosevelt, and J.F. Kennedy—and that is exactly what the influence of Lyndon LaRouche and the LaRouche Youth Movement has catalyzed—then there is also hope for Germany. If the U.S.A. returns to the economic policy of the American System, then Germany also has more room to operate. Because only if Germany frees itself from the European Currency Union which was imposed by Mitterrand and Thatcher, and achieves sovereignty over its own financial and economic policy, can we overcome the economic crisis which is upon us. We don't need a 6.25 billion euros per year investment program, but 400 billion *deutschemarks* a year. And this is only possible through the creation of state credit in the tradition of the national bank policy of Alexander Hamilton, and FDR's New Deal.

The tragedy of Bad Reichenhall\* is a thunder clap, which must wake us up, so that it doesn't go any further. When such misfortunes take place in China, Russia, or the poor developing nations, many people are quick to say, "Sure, they don't value human life as much as we do!" But since wanton greed, modern penny-pinching, and cheap production came into fashion among us, priorities have changed. Someone decided that the roof construction used at Bad Reichenhall (and there are thousands of similar places) was cheaper. There were similar reasons why over 250 safety violations occurred in 2005 at the mining site in West Virginia, where 13 men lost their lives. Deregulation, privatization, "shrinking" of the state, criminal negligence of investment in aging infrastructure, abandonment of the general welfare in favor of maximizing profit—these are the reasons you can find such misfortune.

Yet, this month it has become most probably clear, that the Democratic Party in the United States has newly revived the American System of economy, and returned to FDR, JFK, and his "science-driver" policy," as it was carried out with the Apollo program. But also the traditional Republicans, now in the face of mega-scandals, have to think about the elections in November 2006, and support a policy to save the economy. If economic policy in the U.S.A. is reversed, so as to be for

state credit-creation, for nuclear energy (this year the first nuclear plant in a long time will be built in the U.S.A.), and generally for a growth policy oriented to scientific and technological progress, then Germany will have more freedom of movement.

In Germany alone, there is a backlog of 1.7 trillion euros in non-functioning infrastructure, of which 650 billion are in the municipal sector. Forty thousand road bridges and 2,000 highway bridges are no longer safe. The example of Bad Reichenhall shows that the hidden amount of necessary renovations is apparently much larger. These infrastructure investments are essential, if Germany is going to remain an industrial nation.

But we also need a 50-year perspective for the key role Germany must play in the development of Eurasia, a perspective of a cooperative division of labor with Russia, China, and India. Only if Germany can play this role, as a sovereign nation in an alliance with other sovereign nations of Eurasia, does Europe have a chance.

We stand on the verge of new industrial developments. Soon, or in the medium term, we must find alternatives to oil and gas, and the development of the hydrogen-fueled auto would actually be like a worldwide renaissance of inherently safe energy, in the form of the high-temperature reactor developed in Jülich, which Germany must connect with, so that this technology is developed.

Just as, in the United States, the consequences of the reality have been drawn, that the model of globalization and outsourcing to lands of cheap production has failed, we also in Germany must again establish scientific and technological excellence, and that means, that Germany will again become a high-wage country. We need well-paying jobs in Germany, and a strong social state, which defends the general welfare. Adenauer and Ehrhard were right; the neo-liberals and neo-conservatives have failed.

Cheap production in the so-called Third World has also meant that we have consigned these countries to poverty. Instead, we must take as our mission, to raise the living standard in Asia, Africa, and Latin America to a European level, because the people who live there, have the same claim to human dignity and the development of their creative potential as we do.

Therefore, we don't need "many little steps," but a grand leap, which represents a brave vision for the 21st Century. The developments in the United States will make clear over the next weeks, that we find ourselves in a truly revolutionary situation. If the United States frees itself from the problem of the neo-conservatives, and takes up leadership for the solution to the global financial crisis, then Germany can win its sovereignty, and take up the American economic system, as well as the National Bank policy of Alexander Hamilton.

And Mrs. Merkel is still pro-American, no?  
Join with the BüSo!

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\*The reference is to the Jan. 3, 2006 collapse of the roof of an ice-skating rink, in which an estimated 15 people were killed, including children.

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# Business Briefs

## Deregulation

### Cheney's Policy Behind W.Va. Coal Mine Deaths

Lack of enforcement of safety regulations, reduction of the number of inspectors, and neglect, dating back to Vice President Dick Cheney's infamous 2001 secret energy policy task force, were behind the fatal coal mine explosion in West Virginia on Jan. 2, which killed 12 miners.

Chapter 5 of the 2001 Report of the National Energy Policy Development Group, chaired by Cheney, cited "regulation" as standing in the way of increasing coal production.

The Sago mine in Tallmansville was purchased by speculator Wilber Ross's ICG last March. Ross is widely known for his practice of acquiring coal plants, then imposing layoffs, speed-up, and work-rule changes.

The Sago mine was cited for 205 violations by the Mine Safety and Health Administration, up from 68 the year before.

## Personal Credit

### Britons' Debt Now Two-Thirds All of EU

The *Independent* reported that British personal debt has reached £1.33 trillion (\$2.3 trillion). Christmas spending was expected to "push thousands of individuals into crisis and cause record bankruptcies in coming months," the paper noted.

Some 20% of this huge debt is unsecured loans and credit. The U.K. accounts for 66% of European Union credit card debt.

## Foreign Exchange

### China Bank Advisor Fears Dollar Collapse

An advisor to the People's Bank of China has warned of the danger of a U.S. dollar collapse, and its effect on China, in a statement

in the *China Securities Journal*. As reported in the *Shenzhen Daily* on Jan. 2, Prof. Yu Yongding warned that the United States might stop raising interest rates in 2006 and "guide" the dollar downward. This would put pressure on the yuan. But even "more seriously, China's economy would take a big hit if the U.S. dollar weakened sharply due to such factors as a bursting of the U.S. property bubble," he said. "The loss for China's foreign exchange reserves would be extremely serious." China has at least \$769 billion in foreign exchange reserves.

Yu also said China's economy could grow about 9% in 2006, if the government is able to increase internal demand to offset slowing export and investment growth. "Because China's fiscal situation is relatively sound, the government has relatively great leeway to use expansionary fiscal policy," Yu said.

## Mergers & Acquisitions

### Looters Suck Bankrupt Companies Dry

Under a cartoon of a shark drinking through a straw from a goldfish bowl, the Jan. 5 *Wall Street Journal* described how private-equity firms suck companies dry. The technique is to buy up a company, and have it take on a load of debt. Then the looters pay themselves large fees and dividends out of the loan, before any of it is used to benefit the newly acquired company. The company, now hobbled with debt, is then often sold again.

The process could be more accurately portrayed by vampires sucking the lifeblood from their victims. Some examples:

- Apax Partners Inc. bought up Intelsat, had the company take out a loan. The partners of Apax immediately paid themselves \$350 million in dividends;
- Blackstone Group bought Celanese Corp. for \$650 million up front, for the \$3.4 billion price. Within nine months Blackstone took a return of \$1.3 billion in dividends;
- The group that bought up Warner Music put up \$1.25 billion in equity. Within a year it took four dividend payouts totalling

\$1.45 billion;

- Kohlberg Kravis Roberts bought PanAmSat for \$4.3 billion, and one month later was paid \$250 million in dividends.

## Speculation

### S. Korea Leads World In Derivatives Trade

The Bank for International Settlements, according to the Jan. 4 *Financial Times*, reports that Korea stock index futures and options boomed to \$12 trillion in the third quarter of 2005, making South Korea "the world's busiest market for equity derivatives," overtaking the United States.

Any concern about a bubble? Lee Seon-kyu of Woori Securities in Seoul intones: "Everyone is winning, so unless someone starts to lose, I think this bullishness will continue."

## Fiscal Austerity

### States Put Medicaid On the Chopping Block

In its next step to completely eliminate Medicaid, Missouri has cut thousands more from its rolls as of Jan. 2. The first business day of the new year marked the third phase of Missouri's obliteration of its Medicaid program. Gov. Matt Blunt (R) and many in the Republican-dominated legislature justify ending medical coverage for the state's poorest citizens, with the familiar accountants' mentality. They claim that millions in state and Federal funds are being saved.

With a population of 5 million, the state has had about 1 million on Medicaid.

The program will be completely eliminated at the end of July 2008.

The Health Policy Institute of Ohio estimates that that state's \$745 million in Medicaid cuts will cause a \$2.4 billion loss to Ohio's 2006-07 fiscal year economy, due to the loss of almost 24,000 jobs, and hence the loss of \$33 million in state income taxes over a two-year period.

## How JFK Mobilized The U.S. for Recovery

by Marsha Freeman

The leading faction of the Democratic Party is now poised not only to rid the United States of the Cheney/Bush Administration political dictatorship, but to overthrow 40 years of failed and self-destructive policies that have turned the U.S. economy into a heap of rust. In this effort, Rep. Nancy Pelosi (D-Calif.) and others have invoked the Apollo program of President John F. Kennedy as the model which should be followed.

But most Americans don't really understand what Kennedy's program was about. Although the Apollo mission was put forward in response to the world's first manned space flight of Soviet cosmonaut Yuri Gagarin, it became the centerpiece of Kennedy's more comprehensive plan to move into the decade of the 1960s with a vision of the future based on a economic policy of growth.

Many of President Kennedy's initiatives were not implemented. Although he stated his policies in numerous speeches before the American people, many were not enacted into law by the Congress. Nearly his entire cabinet, including science advisor Jerome Weisner, opposed the Apollo program, which went forward only because both Kennedy and Vice President Lyndon Johnson were personally committed to it.

However one might evaluate the final outcome of President Kennedy's less than three years in office, in terms of foreign and defense policy, and overall domestic programs, *this nation lived off the technological science driver of Kennedy's Apollo program investment for more than 20 years.*

Since John F. Kennedy, no President has understood that budget deficits are only remedied through economic expansion and growth, and not by cutbacks in Federal spending, tax increases, austerity, or selling off government assets to the private sector. Most Presidents since the early 1960s have insisted that this country could not have a strong defense and

at the same time make the necessary infrastructure investments for economic growth.

Taken to its extreme, as early as President Kennedy's second year in office, RAND Corporation policymaker James Rodney Schlesinger wrote that national security and economic growth had actually become "decoupled," and that it did not matter whether the U.S. economy produced anything.

For the Democratic Party to invoke the policies of Presi-



John F. Kennedy Library

*President Kennedy, at Cape Canaveral in February 1962, peers into the space capsule Friendship 7, in which John Glenn (just behind Kennedy) became the first American to orbit the Earth.*



dent Kennedy today requires not only a reference to his program to land a man on the Moon, but also to his broader program of scientific and technological investment, and the economic expansion his policies embraced. For Kennedy, the economic and social problems of the nation were formidable, as they are today.

## The Question of Leadership

When President Kennedy took office in January 1961, this nation faced domestic, foreign policy, economic, and military crises. In his State of the Union Message, delivered on Jan. 29, 1961, Kennedy summarized the situation:

The present state of our economy is disturbing. We take office in the wake of seven months of recession, three and one-half years of slack, seven years of diminished economic growth, and nine years of falling farm income.

Business bankruptcies have reached their highest level since the Great Depression. Since 1951 farm income has been squeezed down by 25 percent. Save for a brief period in 1958, insured unemployment is at the highest peak in our history. Of some five and one-half million Americans who are without jobs, more than one million have been searching for work for more than four months. And during each month, some 150,000 workers are exhausting their already meager jobless benefit rights. . . .

Our cities are being engulfed in squalor. . . . We still have 25 million Americans living in substandard homes. . . . Our classrooms contain two million more children than they can properly have room for, taught by ninety thousand teachers not properly qualified to teach. One third of our most promising high school graduates are financially unable to continue the development of their talents. . . . We lack the scientists, the engineers, and the teachers our world obligations require. We have neglected oceanography, saline water conversion, and the basic research that lies at the root of all progress. . . .

Medical research has achieved new wonders, but these wonders are too often beyond the reach of too many people, owing to a lack of income (particularly among the aged), a lack of hospital beds, a lack of nursing homes and a lack of doctors and dentists. . . .

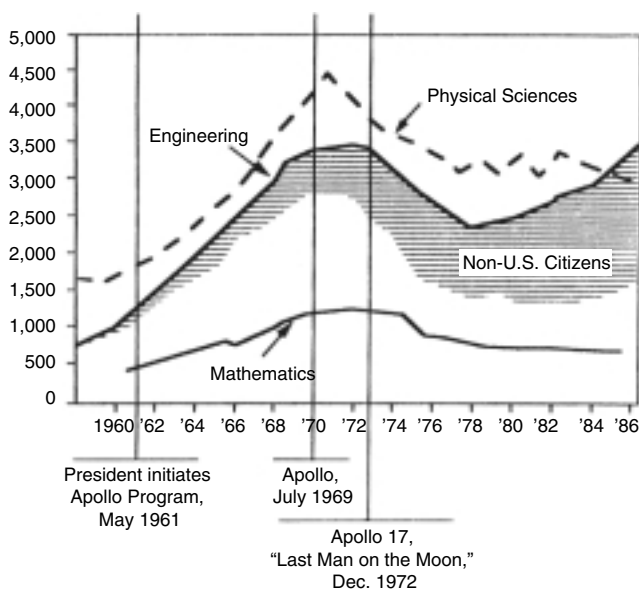
The denial of constitutional rights to some of our fellow Americans on account of race, at the ballot box and elsewhere, disturbs the national conscience, and subjects us to the charge of world opinion that our democracy is not equal to the high promise of our heritage.

Kennedy continued: "To meet this array of challenges, to fulfill the role we cannot avoid on the world scene, we must re-examine and revise our whole arsenal of tools: military,

FIGURE 1

## Science and Engineering Doctorates (1960-86)

(Number of Degrees)



Source: NASA.

*The Kennedy program inspired a renaissance in science and engineering education, as evidenced by the rapid growth of U.S. doctorates granted for both citizens and non-citizens, in parallel with funding for NASA.*

economic, and political.”

This arsenal included an array of specific proposals and legislative initiatives, the most important and long-lasting of which was the space program. But without the investment tax credit program, tax cuts to encourage investment and savings, the upgrading of education, the investment in water and energy infrastructure and medical care, and programs to integrate minorities into the mainstream of economic opportunity, this program would not have had the impact it did, or be cited today as the policy precedent for the Democratic Party.

## ‘Landing a Man on the Moon . . .’

One month after Yuri Gagarin became the first man to orbit the Earth, and days after the failed Bay of Pigs invasion of Cuba, President Kennedy gave a Special Message to the Congress on Urgent National Needs. On May 25, 1961, five months after his State of the Union message, Kennedy stated:

If we are to win the battle that is now going on around the world between freedom and tyranny, the dramatic achievements in space which occurred in recent weeks should have made clear to us all, as did the Sputnik in 1957, the impact of this adventure on the minds of men everywhere, who are attempting to make a determination of which road they should take.

Since early in my term, our efforts in space have been under review. With the advice of the Vice President, who is chairman of the National Space Council, we have examined where we are strong and where we are not, where we may succeed and where we may not. Now it is time to take longer strides, time for a great new American enterprise, time for this nation to take a clearly leading role in space achievement, which in many ways hold the key to our future on Earth.

I believe we possess all the resources and talents necessary. But the facts of the matter are that we have never made the national decisions or marshaled the national resources required for such leadership. We have never specified long-range goals on an urgent time schedule, or marshaled our resources and our time so as to insure their fulfillment.

But this is not merely a race. Space is open to us now; and our eagerness to share its meaning is not governed by the efforts of others. We go into space because whatever mankind must undertake, free men must fully share.

Therefore I ask the Congress, above and beyond the increases I have earlier requested for space activities, to provide the funds which are needed to meet the following national goals:

First, I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the Moon and returning him safely to Earth. No single space project in this period will be more impressive to mankind, or more important for the long-range exploration of space; and none will be so difficult or expensive to accomplish. . . .

The President also proposed additional funds for unmanned planetary exploration, to accelerate development of the Rover nuclear rocket to go beyond the Moon, to accelerate the use of satellites for worldwide communications, and the development of a satellite system for worldwide weather observation. He said:

Let it be clear—and this is a judgment which the Members of Congress must finally make—let it be clear that I am asking the Congress and the country to accept a firm commitment to a new course of action, a course which will last for many years and carry very heavy costs of \$531 million in fiscal 1962, an estimated \$7 billion to \$9 billion additional over the next five years. If we are to go only halfway, or reduce our sights in the face of difficulty, in my judgment it would be better not to go at all. . . .

This decision demands a major national commitment of scientific and technical manpower, material, and facilities, and the possibility of their diversion from

other important activities where they are already thinly spread. It means a degree of dedication, organization, and discipline which have not always characterized our research and development efforts.

At the time this speech was made, more than half of the American public was opposed to a lunar landing effort, according to polls, and in the White House, only Vice President Johnson was an enthusiastic supporter. But Kennedy believed that under his leadership, the nation could be mobilized to support the goals he outlined.

### **A Cultural Paradigm Shift**

Very quickly, in response to the space initiative, the national outlook of this country shifted. In a book published in 1964, author Tom Alexander wrote: “[A] curious breed of individual seems to be making a place for himself in this ordeal of emerging from the pupal state into the space age. This is the man who, technically speaking, appears to be willing or able to think more than ten years ahead. A few years ago, people of his type were called crackpots. . . .

“Terraforming planets is a topic of discussion among the less inhibited Washington space policy men nowadays,” Alexander reported.

Kennedy knew that his direct attention to the progress of the Apollo program would be required to keep the effort on schedule, and not-hamstrung financially by the Congress.

Kennedy’s second major space policy address was at Rice University on Sept. 12, 1962. There he stated:

Those who came before us made certain that this country rode the first waves of the industrial revolution, the first waves of modern invention, and the first wave of nuclear power, and this generation does not intend to founder in the backwash of the coming age of space. We mean to be part of it. We mean to lead it, for the eyes of the world now look into space, to the Moon and to the planets and beyond; and we have vowed that we shall not see it governed by a hostile flag of conquest, but by a banner of freedom and peace.

Yet the vows of this nation can only be fulfilled if we in this nation are first, and therefore we intend to be first. In short, our leadership in science and industry, our hopes for peace and security, our obligations to ourselves as well as others, all require us to make this effort, to solve these mysteries, to solve them for the good of all men, and to become the world’s leading space-faring nation. . . .

But why, some say, the Moon? Why choose this as our goal? And they may well ask, why climb the highest mountain? Why, thirty-five years ago, fly the Atlantic?

We choose to go to the Moon. We choose to go to the Moon in this decade, and do the other things, not



NASA

*"We choose to go to the Moon"! President Kennedy here at a visit in 1962 to NASA's Manned Spacecraft Center in Houston. He is holding a model of the command module of the Apollo lunar spacecraft, and behind him is a lunar module display. Vice President Johnson is at right.*

because they are easy but because they are hard; because that goal will serve to organize and measure the best of our energies and skills; because that challenge is one that we are willing to accept, one we are unwilling to postpone, and one which we intend to win. . . .

The growth of our science and education will be enriched by new knowledge of our universe and environment, by new techniques of learning and mapping and observation, by new tools and computers for industry, medicine, the home as well as the school. . . .

And finally, the space effort itself, while still in its infancy, has already created a great number of new companies and tens of thousands of new jobs. Space and related industries are generating new demands in investment and skilled personnel. . . .

To be sure, all this costs us all a good deal of money. This year's space budget is three times what it was in January 1961, and it is greater than the space budget of the previous eight years combined. That budget now stands at \$5.4 billion a year—a staggering sum, though somewhat less than we pay for cigarettes and cigars

every year. Space expenditures will soon rise some more, from forty cents per person per week to more than fifty cents a week for every man, woman and child in the United States, for we have given this program a high national priority—even though I realize that this is in some measure an act of faith and vision, for we do not now know what benefits await us.

But if I were to say, my fellow citizens, that we shall send to the Moon, 240,000 miles away from the control station in Houston, a giant rocket more than three hundred feet tall, the length of this football field, made of new metal alloys, some of which have not yet been invented, capable of standing heat and stresses several time more than have ever been experienced, fitted together with a precision better than the finest watch, carrying all the equipment needed for propulsion, guidance, control, communications, food, and survival, on an untried mission, to an unknown celestial body, and then return it safely to Earth, re-entering the atmosphere at speeds of over 25,000 miles per hour, causing heat about half that of the temperature of the sun, almost as hot as it is here today, and do all this, and do it right, and do it first before this decade is out, then we must be bold. . . .

The economic impact of the five-year gear-up of the Apollo program is well documented. More than 400,000 highly skilled jobs were created in industry. Most of the engineers and doctors of science who graduated in the 1960s were directly or indirectly supported by NASA. The technologies transferred from space to the national economy were largely responsible for whatever increases in productivity there were in industry, commerce, and the home, for over 20 years. And developing nations saw that their lives could be dramatically improved through the use of satellites for communications, Earth remote sensing, health, and education.

But Kennedy knew that the results of years of economic decay and stagnation, had also to be addressed, in parallel with the gear-up of the space program.

### **American System Economics**

Less than three weeks after his inauguration, Kennedy gave a Message to the Congress on Economic Recovery and Growth. In it he stated:

The potential of the American economy is constantly expanding. The labor force is rising by 1.5 percent per year. Output per man rises annually by 2 percent as a result of new and better plant and equipment, modern technology, and improved human skills. These increases in manpower and productivity provide the base for a potential annual growth of 3.5 per cent in the nation's total output. This is not high enough. Our po-



NASA

*The five-year gear-up for the Apollo program created more than 400,000 skilled jobs in industry. Here, technicians make final adjustments to the Pioneer spacecraft which travelled to Jupiter and took the first close-up look at the planet.*

tential growth rate can and should be increased. To do so, we propose to expand the nation's investments in physical and human resources, and in science and technology. . . .

An unbalanced economy does not produce a balanced budget. The Treasury's pocketbook suffers when the economy performs poorly. Lower incomes earned by households and corporations are reflected in lower Federal tax receipts. Assistance to unemployed workers and the costs of other measures for alleviation of economic distress are certain to rise as business declines. . . .

One key to the Kennedy plan to get the idle factories open and encourage investment in new basic industry was a series of tax measures. On April 20, 1961, he presented his basic program to the legislators on "Tax Incentives on the Federal Tax System":

The history of our economy has been one of rising productivity, based on improvements in skills, advances in technology, and a growing supply of more efficient

tools and equipment. This rise has been reflected in rising wages and standards of living for our workers, as well as a healthy rate of growth for the economy as a whole. It has also been the foundation of our leadership in world markets, even as we enjoyed the highest wage rates in the world.

Today, as we face serious pressure on our balance of payments position, we must give special attention to the modernization of our plant and equipment. . . . If our own goods are to compete with foreign goods in price and quality, both at home and abroad, we shall need the most efficient plant and equipment. . . .

Additional expenditures on plant and equipment will immediately create more jobs in the construction, lumber, steel, cement, machinery, and other related capital-goods industries. The staffing of these new plants, and filling the orders for new export markets, will require additional employees. The additional wages of these workers will help create still more jobs in consumer goods and service industries. The increase in jobs resulting from a full year's operation of such an incentive is estimated at about half a million. . . .

President Kennedy recommended a tax credit to businesses undertaking new capital investment expenditures, and nine other tax measures, which were *not* passed by the Congress. One year later, in his second State of the Union address, Kennedy urged, once again, that the Congress pass his "8 percent tax credit for investment in machinery and equipment, which, combined with planned revisions of depreciation allowances, will spur our modernization, our growth and our ability to compete abroad."

In early 1961, the President presented a Special Message on Natural Resources to the Congress, outlining his programs in water and electric power development, stressing the research, development, and application of emerging technologies:

No water resources program is of greater long-range importance, for relief not only of our shortages, but for arid nations the world over, than our efforts to find an effective and economical way to convert water from the world's greatest, cheapest natural resources, our oceans, into water fit for consumption in the home and by industry. Such a breakthrough would end bitter struggles between neighbors, states, and nations, and bring new hope for millions who live out their lives in dire shortages of usable water and all its physical and economic blessings, though living on the edge of a great body of water throughout a parched lifetime.

This Administration is currently engaged in redoubled efforts to select the most promising approaches to economical desalination of ocean and brackish waters, and the focus our energies more intensively on those



NASA

*Kennedy knew that nuclear power development was key to economic growth. Here he has fun using the “mechanical hands” of a remote manipulating device used in work on a nuclear reactor, at the Nuclear Rocket Development Station in Nevada. Looking on (left) is a technician for ACF Industries, Inc. which did the assembly work on nuclear reactors in the facility. At Kennedy’s right is Dr. Glenn T. Seaborg, chairman of the U.S. Atomic Energy Commission.*

approaches. . . . I now pledge that, when this know-how is achieved, it will immediately be made available to every nation in the world who wishes it, along with appropriate technical and other assistance for its use. . . .

The President continued:

To keep pace with the growth of our economy and national defense requirements, expansion of this nation’s power facilities will require intensive effort by all segments of our power industry.

Our efforts to achieve economically competitive nuclear power before the end of this decade in areas where fossil fuel costs are high will be encouraged through basic research, engineering developments, and construction of various prototype and full-scale reactors by the Atomic Energy Commission in cooperation with industry. . . .

In this speech, Kennedy announced he was rejecting a “no new starts” policy on water-resources and flood-control projects, and was requesting appropriate department and agency heads to schedule an orderly program of such projects.

It was clear that Kennedy’s programs could not go forward without an upgrading of education, and that the driver to make those improvements would be, in particular, the goals he had set for the nation in space.

## The Human Requirements

In a Special Message to the Congress on Education, delivered on Feb. 20, 1961, Kennedy stated:

Our progress as a nation can be no swifter than our progress in education. Our requirements for world leadership, our hopes for economic growth, and the demands of citizenship itself in an era such as this all require the maximum development of every young American’s capacity.

The human mind is our fundamental resource. A balanced Federal program must go well beyond incentives for investment in plant and equipment. It must include equally determined measures to invest in human beings, both in their basic education and training and in their more advanced preparation for professional work. . . .

Too many classrooms are overcrowded. Too many teachers are underpaid. Too many talented individuals cannot afford the benefits of higher education. Too many academic institutions cannot afford the cost of, or find room for, the growing numbers of students seeking admission. . . .

To Kennedy, it was important that long-term, affordable health care be available to the infirm and elderly of the nation, and that there be a vigorous immunization effort to protect the young from childhood diseases. In a Special Message to



U.S. Department of Agriculture

*"Our progress as a nation can be no swifter than our progress in education." Here, students at a two-room school in Hurricane Gap, Kentucky in 1966.*

the Congress on Health and Hospital Care, on Feb. 9, 1961, Kennedy referred back to FDR's policies and stated:

Twenty-six years ago this nation adopted the principle that every member of the labor force and his family should be insured against the haunting fear of loss of income caused by retirement, death, or unemployment. To that we have added insurance against the economic loss caused by disability.

But there remains a significant gap that denies to all but those with the highest incomes a full measure of security: the high cost of ill health in old age. One out of five aged couples drawing Social Security benefits must go to the hospital each year. Half of those going to hospitals incur bills in excess of \$7,000 a year. This is over one-third of the total annual income of a typical couple, more than a modest food budget for an entire year. Many simply do not obtain and cannot afford the care they need.

In addition to outlining guaranteed health care for hospitalization, skilled nursing home services, and hospital outpatient clinic diagnostic services, Kennedy recommended Federal scholarships for medical and dental students and cost-of-education grants to the schools they attend; matching grants for construction, expansion or restoration of medical and dental schools to increase their capacities; funds for construction of nursing homes and the improvement of nursing home and home-nursing services; increased funds for medical research

and construction grants for medical research facilities and experimental or demonstration hospitals; establishment of a National Institute of Child Health and Human Development; and, increased appropriations for the Maternal and Child Health, Crippled Children, and Child Welfare programs of the Children's Bureau.

When President Kennedy was assassinated, the United States was mobilized to put a man on the Moon, and reorganize a significant part of the U.S. economy to accomplish it. By the time Neil Armstrong landed on the Moon in July 1969, the optimism of the early 1960s, and the Presidency of Kennedy's successor, Lyndon Johnson, had been destroyed.

### **'Mr. Space'**

Today Lyndon Johnson is often identified with the disastrous Vietnam War and the failed Great Society programs. But less well known is the fact that the existence of a civilian space program in the United States since 1958 is in large part the result of Johnson's efforts.

When Sputnik made its debut on Oct. 4, 1957, Johnson was the majority leader of the Senate and chairman of the Senate Armed Services Subcommittee on Preparedness. Johnson took the lead in investigating this "satellite gap" after the Eisenhower Administration's disappointing response to the Soviet challenge. In November 1957, Johnson's subcommittee began hearings on the Soviet threat and the U.S. military's plans for space. No less than 2,376 pages of testimony were recorded, including statements by Drs. Edward Teller and Wernher von Braun. Teller advocated a trip to the Moon

as a response to the Soviet lead in space, and von Braun expressed his support for developing the large rockets to take men there.

The subcommittee agreed without dissent that higher priority should be given to satellites, that they served both military and scientific purposes, and that there had to be greater emphasis on scientific and technological education. Johnson introduced Senate Resolution 256, creating the Special Committee on Space and Astronautics, and he was elected chairman of the committee as the major Congressional spokesman on space policy issues.

Johnson and Eisenhower agreed that the exploration of space should reside in a civilian agency, and on April 2, 1958, President Eisenhower made this proposal to the Congress. On April 14, Johnson and House majority leader John W. McCormack introduced the legislation that would create the National Aeronautics and Space Administration (NASA).

Opening hearings before the Special Committee on the NASA bill on May 6, 1958, chairman Johnson stated:

Space affects all of us and all that we do, in our private lives, in our business, in our education, and in our Government. . . . We shall succeed or fail [depending on] our . . . success at incorporating the exploration and utilization of space into all aspects of our society and the enrichment of all phases of our life on this Earth.

President Eisenhower signed the bill creating NASA on July 29.

Senator Johnson appealed directly to young people, as well as to the nation as a whole, to support this grand project. As he told the Junior Chamber of Commerce in Wichita Falls, Tex., on Nov. 29, 1957:

When I was a small boy, the idea of space ships and rockets to the Moon represented an evening's entertainment by the fireplace. It was a dream—an escape from the ordinary affairs of an ordinary world.

Now these dreams are becoming realities—something that is right in front of us and that most of us will see. Flights to the Moon are just over the threshold, flights to Mars and the planets are but a hop, skip, and a jump away.

The next month in a speech in Dallas, Johnson outlined a mobilization that would require the participation of “workers, farmers, professors, technicians, and businessmen. . . . There is only one type of person we can do without,” he concluded, “And that is the man or woman who says: ‘It cannot be done.’ ”

From the beginning of his administration, President Kennedy depended upon Vice President Johnson for guidance on space policy. The newly enacted NASA law was changed upon Kennedy's request to allow the Vice President, instead

of the President, to be head of the National Aeronautics and Space Council. Johnson was key in bringing experienced government manager James E. Webb to the NASA administrator's post and encouraging Webb to lobby for significant increases in the NASA budget.

While the President was deciding how quickly to accelerate space programs, Soviet astronaut Yuri Gagarin made man's first venture into Earth orbit on April 12. A week later, the failed Bay of Pigs invasion added new urgency for a positive initiative from the Administration. In an April 20 memorandum requesting a survey of “where we stand in space,” Kennedy asked Johnson to assess America's chances of beating the Soviets.

Johnson consulted space experts, as well as business, military, and civic leaders in an attempt to build a broad consensus for a lunar program. Upon Johnson's recommendation, President Kennedy announced the Apollo mission on May 25, 1961.

## **Apollo and Our Mission Today**

America's entrance into the Space Age demonstrated that the dramatic increase in the global potential population density from the Renaissance to Sputnik and beyond was based on successive revolutions in scientific discovery and technological applications in the economy, which, in turn, were based on the fact that the mind is not finite.

The Apollo Project changed this nation. It has been estimated that nearly half of the people on Earth knew about America's Moon landing, as it was happening. For the 600 million people (about one fifth of the world's population at that time), who watched Neil Armstrong's first small step on the Moon on television, it was the finest hour for America.

The crowd at Cape Canaveral on the morning of the launch of Apollo 11 on July 16, 1969, has been estimated at 1 million. In the grandstand was a crowd of 20,000 people, including 3,500 reporters and photographers, from 56 nations of the world.

But the nation had changed. Lyndon Johnson, “Mr. Space,” had left the White House in disgust just a few months earlier. He took no part in the celebrations. By July 1969, President Kennedy's brother, Edward, had called for cuts in the already decimated NASA budget, so that more funds could be spent on Federal “anti-poverty” programs.

Today, three decades of precious time has been lost in the exploration of space. Four decades of destruction of the U.S. economy created the wreckage that exists today.

It is not difficult to invoke the name and memory of Franklin Roosevelt, or John F. Kennedy, as a shorthand to reference what needs to be done today. But to carry out that mission today requires understanding the breadth of the Apollo mission as Kennedy so eloquently defined it. With that understanding, the Democratic Party can claim itself to be the party of FDR and John F. Kennedy.

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## Editorial

### *'Impeach Cheney First'*

As we near the reopening of the Congress, and talk of "impeachment" becomes increasingly widespread throughout policy-making circles, there is one central strategic point which must be kept in mind: Dick "Beastman" Cheney must be the first to go.

Lyndon LaRouche and this magazine have been the leaders on this point since June 7, 2003, when LaRouche's Presidential campaign first issued a mass leaflet on the grounds for impeachment of the Vice-President. At that time, the Vice-President's malfeasance, and deliberate fraud, on the question of the Niger yellow-cake story had just been revealed by Congress, and it was clear that Cheney had committed an impeachable offense. The argument put forward in that leaflet still stands.

Cheney's crimes *against the Constitution of the United States* have only increased since then. With the "nuclear option" last spring, he sought to turn the U.S. Senate into a rubberstamp, in violation of the clear republican principles upon which our nation was founded. With his torture policy, he violated not only the spirit, but the letter of laws which had been passed by the Congress of the United States, committing our nation to the humane treatment of all military prisoners. Then, in the wake of an overwhelming vote in both Houses of Congress to specify the anti-torture policy of the U.S. military, Cheney put out the word that the Administration had *no intention* of following this legislation, but would ignore it as they saw fit.

Such a statement by Cheney is "impeachable" on its face, commented Lyndon LaRouche upon hearing this report.

What Cheney said in private, was this week broadcast in public, when President Bush signed the Defense Authorization bill that contained the McCain anti-torture amendment. In an in-your-face gesture that bespoke his sociopathic Vice-President, Bush declared that he was invoking the "principle" of the "unitary executive" relative to the Title pertaining to detainees, and would do what he thought he was entitled to do, as Commander-in-Chief.

Whether Bush was mentally capable of under-

standing what he was doing or not, Lyndon LaRouche said, he was carrying out a "treasonably impeachable" offense.

The reaction from leading Republican Senators to this action by the President was swift, as they restated their determination to carry out the oversight necessary to ensure that the intent of the Anti-Torture amendment was carried out. Senator Lindsey Graham was clearest, as he said, "I do not believe that any political figure in the country has the ability to set aside any law of armed conflict that we have adopted or treaties that we have ratified."

Under the influence of the Vice-President, President Bush has also continued to aggressively assert his ability to sidestep the law on the question of surveillance of American citizens. Once again, he is treading into "impeachable" territory, as has been pointed out by even such conservative Republican outlets as *Barron's* magazine, and former Reagan Administration cabinet official Paul Craig Robert. On Jan. 4, Democratic Senatorial leaders Harry Reid, Patrick Leahy, and John D. Rockefeller IV sent a letter to Bush urging a return to "bipartisan cooperation" on the Patriot Act, and expressing their concern about the lawfulness of the NSA surveillance program. In effect, that statement put Bush on notice, that he is facing possible consequences: impeachment.

If the President continues to step forward to carry out impeachable crimes, he will very likely reap the result. But a removal of the President which put Cheney into power, would be the height of stupidity, as well as bringing on catastrophe. Already, we see the enraged Cheney moving toward an accelerated war drive in the Southwest Asian region. While it is by no means clear that he will, or can, be successful, the danger must be recognized as acute.

There is ample evidence from recent town meetings, as well as other events, that the American population is getting the smell of the fascism which Cheney represents, and is ready to support impeachment. This mood must be transmitted to the Congress: Impeach Cheney first!